

NEWS: INTERNATIONAL

EC strategy postponed until next year

Britain again blocks funding for HDTV

By Andrew Hill in Brussels

BRITAIN has again blocked European Community funding for the development of cinema-quality television, postponing an EC strategy on the new technology until next year.

Foreign ministers, meeting for the last time under the UK's EC presidency, were unable to resolve differences between Britain and its 11 EC partners, which exploded into a row after the recent Edinburgh summit.

Yesterday, Britain refused to commit itself to a European Commission compromise first discussed by Mr Jacques Delors, the Commission president, and Mr John Major, British prime minister, on their

way to talks in the US at the weekend. The issue will now be taken up during the Danish presidency of the EC which begins in January.

The Commission has been pressing for a five-year "action plan" to promote wide-screen high-definition TV (HDTV) services in the EC. But the UK does not believe proposed funding of Ecu500m (£404.5m) over five years is justified: it says new technologies, such as digital television, are being developed which could supersede HDTV standards promoted by the EC.

According to yesterday's Commission proposals, the EC would allocate Ecu50m to the development of wide-screen HDTV services in 1993. The EC

would also consider a report on the prospects for digital HDTV and a possible review of its strategy early next year. Britain supported elements of the compromise, but refused to commit itself in principle to a five-year plan.

The events of the past fortnight have revealed the amount of political and industrial capital invested in HDTV, with Mr Major accused of reneging on an agreement made at Edinburgh to lift the British veto on HDTV.

Mrs Hanja Maij-Weggen, Dutch telecommunications minister, a critic of the UK position, said yesterday she was disappointed by Britain's attitude. "Maybe next year the sky will be a little bluer."

Dutch aircraft crash kills at least 50

By Ronald van de Krol in Amsterdam

AT LEAST 50 people were killed when a DC-10 carrying 327 Dutch holidaymakers and 13 crew to Portugal crashed while trying to land in heavy rain and winds at the Algarve town of Faro.

The aircraft, operated by Martinair, a charter airline partly owned by KLM Royal Dutch Airlines and the Dutch transport group Nedlloyd, burst into flames and broke in two on impact.

Airport officials in Faro, the main city of Portugal's Algarve coastal region, said at least 50 people were known to have died, while 25 were missing.

Scores of injured passengers were taken to hospitals in Faro, Lisbon and Coimbra. Most of the people on board were Dutch nationals.

In Amsterdam, airline officials said the cause of the crash was not known. First reports suggested the aircraft had been hit by lightning. The pilot is reported to have survived.

The "black box" containing flight data has been located and will be examined by Portuguese and Dutch investigators. Passengers interviewed by Dutch television said the pilot had made two attempts to land before the fatal approach.

The accident is the latest of a number of Dutch transport disasters and occurred less than three months after an El-Al cargo aircraft crashed into two apartment blocks on the outskirts of Amsterdam, killing 43 people.

Asked about the spate of transport accidents, Mrs Hanja Maij-Weggen, transport minister, said: "This has been a horrible year for me and my ministry. I sometimes feel as if I've aged three years in the past three months."

Milosevic leads amid fraud calls

By Laura Silber in Belgrade

PROSPECTS for peace in Bosnia-Herzegovina and stability in the Balkans darkened yesterday as Serbian nationalists under President Slobodan Milosevic led presidential and parliamentary elections.

Despite scanty and conflicting reports of election returns, opposition leaders privately conceded that Serbian President Milosevic appeared to have a commanding lead in his bid for re-election. He looked set to surpass the 50.01 per cent required to avoid a run-off against Yugoslav Prime Minister Milan Panic, the wealthy Belgrade-born Californian.

The massive surge of electoral support for ultranationalism threatens Serbia's ethnic minorities, who make up one-third of the population of 8.8m. Ethnic Albanians, Hungarians and Moslems face even greater risk that "ethnic cleansing" will spread to Serbia.

If the trend of the preliminary and unofficial results continues, the Socialists (renamed Communists) with their ultranationalist allies, the Serbian Radical Party, will have a comfortable majority in the Serbian parliament. "Their lead

THE ruling Socialist Democratic party kept its hold on Montenegro, unofficial results indicated yesterday, virtually guaranteeing its continued alliance with Serbia in a rump Yugoslavia, Reuter reports from Podgorica, Montenegro.

The vote in the republic, the last official ally of Serbia, was considered a referendum on the future of the Yugoslav federation.

makes remote the possibility of Milosevic leaving office without violence," said a diplomat.

Chosen by Mr Milosevic as his favourite "opposition politician", Mr Vojislav Seselj, president of the Radicals, also commands a party militia.

He has called for ethnic minorities and politically suspect Serbs to be expelled from Serbia. International human rights organisations have cited Mr Seselj for brutal crimes committed by his paramilitaries in Croatia and Bosnia. Early results project his party will gain 25-30 per cent of the 250 seats.

He is almost certain to be joined in parliament by Mr Zeljko Raznatovic, alias Arkan, a notorious Belgrade crime

boss who commands a fierce paramilitary unit known as the Tigers. He was standing in the Serbian province of Kosovo, where Albanians who make up 93 per cent of the 2.1m population boycotted the poll.

Mr Lawrence Eagleburger, US secretary of state, recently said that Mr Raznatovic and Mr Seselj should be tried before a proposed war crimes tribunal.

The apparent edge of the nationalists came amid mounting charges of election fraud and manipulation.

Mr Panic's office yesterday said it would demand a fresh election. Foreign observers have lambasted the campaign as grossly unfair, citing the role played by Television Serbia, which Mr Milosevic

controls and Mr Seselj reportedly visits every day.

Mr Milosevic has whipped up fears that the west is conspiring against Serbia. His message of defiance, in conservative and increasingly isolated Serbia, has found fertile ground.

Independent observers met yesterday to decide if complaints of election irregularities constituted systematic fraud at the hands of Mr Milosevic's minions in local electoral commissions.

If the international community deems the election results legitimate, it has warned it will step up pressure on Serbia. US President George Bush and Britain's Prime Minister John Major agreed in Washington at the weekend to press for tougher sanctions to stop the war in Bosnia. But the mechanisms are limited.

In Belgrade, the Serbian and federal capital, seen as an opposition stronghold, many feared their future in a Serbia controlled by nationalists certain to provoke a tougher response from the west.

This is likely to heighten xenophobia in Serbia, even among Serbs who oppose the Socialists.

EC ministers fail to agree on haulage

EC TRANSPORT ministers failed yesterday to agree measures which would have given road haulage companies the right from next year to ply for trade in EC countries other than their own, writes David Gardner in Brussels.

The measure is a basic building block of the internal market, which starts on January 1, and hauliers facing cross-border barriers may now decide to seek redress through the European Court of Justice.

The main stumbling block was Germany which has linked a deal on road cabotage to satisfactory agreements on road user charges and the fiscal harmonisation of vehicle excise duties. EC diplomats were last night trying to extricate linked issues such as travel allowances on which a deal in principle has been reached.

Attack on MP hits Greek budget hopes

By Kerin Hope in Athens

A TERRORIST attack on a deputy from Greece's ruling New Democracy party has placed the government in an unprecedentedly awkward position for today's parliamentary vote on the 1993 budget.

New Democracy effectively lost its one-seat majority in the 300-member chamber yesterday after Mr Eleftherios Papadimitriou, a backbencher who sat on the parliamentary budget committee, was shot in the leg by a gunman who stopped the politician's car in an Athens suburb.

Mr Papadimitriou was reported to be in stable condition after surgery, but it was not clear whether he would be able to take part in the vote.

The attack was claimed by November 17, a left-wing Greek terrorist group which earlier

this year tried to assassinate the finance minister. In a statement, the group said it was opposed to the government's privatisation policy.

Mr Constantine Mitsotakis, the prime minister, is already under pressure from prominent deputies who object to his efforts to introduce structural reform. He has tried to rally New Democracy by claiming the budget debate amounts to a vote of confidence in his government.

The mood among ND deputies has remained rebellious, with the government benches only sparsely occupied during the four-day debate. The budget provides for another year of wage restraints, with curbs on spending aimed at shrinking the public-sector deficit and cutting inflation from 15 to under 10 per cent by the end of 1993.

Asked about the spate of transport accidents, Mrs Hanja Maij-Weggen, transport minister, said: "This has been a horrible year for me and my ministry. I sometimes feel as if I've aged three years in the past three months."

Owen clinches demilitarisation accord

EUROPEAN Community peace negotiator Lord Owen has hammered out a plan for demilitarising the besieged Bosnian capital of Sarajevo after four days of shuttle diplomacy among warring factions around the city, Reuter reports from Sarajevo.

"I think we've laid a framework for demilitarising Sarajevo... no doubt there will be many upsets and difficulties along the way, but we have agreed now on a structure," he said after nearly three

hours of talks with Bosnian Serbs in Lukavica, near Sarajevo.

Lord Owen has persuaded Moslem, Serb and Croat factions to create four problem-solving working committees.

Among the issues to be addressed are demilitarising an area around Sarajevo airport, restoring utilities, creating joint police patrols in divided neighbourhoods and giving humanitarian aid.

Each committee would co-ordinate its

activities with an existing body known as the mixed military working group, Mr Owen said.

Local military commanders have often scuttled ceasefire agreements and blocked UN efforts to repair utilities and humanitarian aid convoys.

UN relief workers restarted their airlift of emergency aid to Sarajevo yesterday after a three-week break caused by fighting.



A French riot policeman stands on burning Spanish tomatoes at the entrance to Saint-Charles market, near Perpignan, south-western France, yesterday. About 300 local farmers destroyed the tomatoes before taking two policemen hostage during demonstrations against vegetable imports, particularly from Spain.

NEWS IN BRIEF

Honecker clemency call turned down

A COURT said yesterday that Mr Erich Honecker, the former East German leader, should be kept in jail and stand trial for manslaughter, despite medical reports showing he may die of liver cancer within six months, Reuter reports from Berlin.

The Berlin court rejected a motion to dismiss the case submitted by Mr Honecker's lawyers, who argued the 80-year-old hard-line communist would not survive the trial.

Mr Honecker and three senior East German communists are on trial for the deaths of more than 200 would-be defectors shot as they tried to cross the Berlin Wall to West Germany.

The judge said medical reports ordered by the court were unable to predict when Mr Honecker's illness would become too serious for him to take further part in proceedings.

IFC criticised over dam

Environmental groups reacted with dismay yesterday at the decision of the International Finance Corporation, the World Bank's private sector arm, to finance a \$600m hydroelectric dam on the upper reaches of Chile's biggest river, the Bio Bio, writes Leslie Crawford in Santiago.

The 450MW Pangue dam is scheduled to come on stream in 1997, when it will supply 12 per cent of Chile's total energy needs. It is being built by Endesa, a privatised utility.

The Bio Bio Action Group, a coalition of US and Chilean ecologists, said the IFC loan "violated all the World Bank's environmental guidelines".

It was particularly critical of the IFC's decision to back the project while studies on the downstream impact of the dam were pending.

In Washington, an IFC spokesman said the corporation was confident further work would mitigate the power station's effect on the water levels of the Bio Bio.

Italian inflation still falling

Italy's rate of inflation is still falling, despite the devaluation of the lira in September, writes Robert Graham in Rome.

According to preliminary figures for December based on evidence from the country's main cities, inflation is running at an annual rate of 4.7 per cent, the lowest level since October 1989.

Prices this month have risen 0.1 per cent, forcing the annual average down from November's 4.9 per cent.

Affluence on march in China

China's economic boom this year has forced officials to come up with a new definition for "well-off", reflecting climbing living standards across the country, Reuter reports from Beijing.

The official Xinhua news agency said yesterday the new state standard for well-off urban residents set annual per capita income at Yn2,380 (\$410) and the average life span at 70 years.

The average well-off urban resident would have at least nine years of schooling and a paid two-week vacation every year.

In rural areas, the average well-off person would make a per capita income of Yn1,100, spend Yn70 a year on clothes, own a television and live in a village with at least one telephone.

Xinhua said that some 57 per cent of Chinese people already qualified as well off.

E Timor crackdown continues

The Indonesian army has arrested at least 60 people in the disputed territory of East Timor since mid-November in a continuing military crackdown, the Sydney office of Amnesty International, the human rights group, said yesterday, writes William Keeling in Jakarta.

Amnesty said it had unsubstantiated reports of a further 500 arrests and that "serious human rights violations, including arbitrary arrest, torture, disappearance and possible extrajudicial execution, have accompanied the recent crackdown".

Ten die in Kabul attack

Three shells slammed into a crowded bazaar in Kabul yesterday, killing at least 10 people and wounding 16, while delegates to an assembly to elect a new Afghan president were meeting nearby, Reuter reports from Kabul.

The attack was one of the worst since fighting last August between the army and a maverick mujahideen party.

Russia set to bring in its own currency

By Leyla Boulton in Moscow

RUSSIA was said yesterday to be on the verge of introducing its own currency, a move which would force all other republics to introduce their own and deprive them of direct influence over Moscow's monetary policy.

At the same time, however, Mr Valerian Kulikov, central bank deputy chairman, outlined, in an interview with Izvestia newspaper, a shift in credit and finance policies which would weaken whatever currency replaces the old Soviet rouble.

"We will correct the policy of the central bank in accordance with the government line announced by the new prime minister," he said, referring to

Mr Viktor Chernomyrdin's promise to stem a fall in industrial output and wipe out the debts accumulated by state-owned enterprises.

New measures included negative annual interest rates of 3-10 per cent for central bank loans for investment in industry and, apart from introducing new tax benefits, even waiving reserve requirements for commercial banks which lead to priority sectors, such as consumer goods.

● Social security minister Ella Pamplova has offered to leave the Russian government, the first member of the former acting prime minister Yegor Gaidar's cabinet to do so, Interfax news agency said yesterday. Reuter adds from Moscow.

Ice-cream makers' tied trade likely to be suspended

THE European Commission is expected tomorrow to order Langnese-Iglo and Schöller Lebensmittel, Germany's two largest ice-cream makers, to suspend for five years arrangements which obligate many German retail outlets to sell only the two companies' products, writes Guy de Jonquieres, Consumer Industries Editor.

The Commission's competition directorate, which has been investigating the arrangements for nine months, has con-

cluded that they violate Article 85 of the Rome Treaty, which outlaws restrictive trade practices.

The expected decision would be a victory for Mars, the US food group which has for more than two years waged a legal campaign to open more European distribution channels for its ice-cream bars.

It also emerged yesterday that the British Office of Fair Trading is inquiring into the legality of arrangements

whereby ice-cream manufacturers supply freezer cabinets to retailers on condition they are not used to stock competing products.

The OFT began its inquiry in September, following complaints from Mars and other companies. These were directed principally against Wall's, part of the Anglo-Dutch Unilever group, which is Europe's biggest ice-cream maker and owner of Langnese.

The OFT has sought information

from all the main suppliers of ice-cream in Britain, but has yet to decide whether to open a formal investigation.

In March the Commission ordered Langnese and Schöller to lift until the end of the year their exclusive outlet arrangements in Germany, pending an inquiry.

The Commission said the arrangements would cause Mars "serious and irreparable damage" by excluding it from the German market.

Paris acts on jobless pay

THE French government yesterday agreed to help bail out the Unedic unemployment pay system, run jointly by employers and unions, from its impending bankruptcy, writes David Buchanan in Paris.

After a meeting with Prime Minister Pierre Bérégovoy, when both employers and unions accused the state of shirking its responsibilities, the government agreed to shoulder more of the cost of early retirements and of debt for people coming off temporary state-run employment schemes, and to subsidise the interest rate on Unedic's borrowings.

EC flight of fancy over reindeer aid

By David Gardner in Brussels

REFLECTING the spirit of "openness" and subsidiarity at the Edinburgh summit of EC leaders earlier this month, the European Commission is expected this week to turn a blind eye to illegal Danish state aid to a Scandinavian co-operative supplying reindeer.

At the Commission meeting this week, its last before a new Brussels executive takes office in January, the regional aid scheme, known by the acronym Yule, is almost certain to get through, even though it has never been notified to the Commission as required under EC law.

The aid is an annual grant to S. Claus Ltd, headquartered in Llandudno, Wales, and is worth Dkr107 (£17.7) per reindeer, subject to a limit of 25 animals per individual producer. The Commission was concerned that the aid reinforced the company's downstream activities, bolstering a potentially dominant position in the Christmas gift market.

According to documents on the case, prepared by staff of

the controversial outgoing farm commissioner Ray MacSharry, the reindeer aid has sparked the now familiar dispute between the Brussels competition and industry directorates about what constitutes the relevant market in which to judge a dominant position.

The free marketeers, headed by Sir Leon Brittan, UK competition commissioner, say S. Claus has 64.7 per cent of the EC gift market.

The interventionists, led by Mr Martin Bangemann, German industry commissioner, say, in a replay of their arguments over the De Havilland case, that "the relevant market should be defined in terms which include also the birthday gift market, as well as the Father's Day, Mother's Day, secretary's day, Easter egg and tooth fairy segments of the market."

The salient points in opinion to be laid before the Commission, however, suggest most commissioners will endorse the aid. This is because:

● "Operators throughout the Community are among [S. Claus Ltd's] downstream beneficiaries";



● The court "endorsed the application of the private-market investor principle to cases of non-repayable handouts in its judgment in Case 149/1987 (Sergeo vs. Tiniy Tim)";

● The Commission has taken

note of assurances from the Danish authorities that there is no intra-Community trade in reindeer, and that "the downstream effect of the aid will be available on a non-discriminatory basis throughout the Community".

But a satisfactory outcome may yet fall foul of the Brussels legal service, whose submission raises doubts about the status of S. Claus Ltd. Their opinion submits that there may be "no precedent for opening the Article 93(2) procedure in respect of a company which is no more than a figment of people's imagination. They consider, however, that this point can be overcome by careful drafting of the letter to the Danish authorities".

A further problem is grudging and conditional support from the external affairs directorate, where Sir Leon wants to establish a dominant position for himself in the next Commission. In a separate memo, they say: "The proposal should be made by Sir Leon Brittan, whose impartiality is beyond any doubt... and who is known not to give free gifts".

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World trade talks in 'race against time'

By David Dodwell in Geneva

COMMITMENTS by the US and EC to conclude a Uruguay Round trade deal by mid-January will require endorsement from US President-elect Bill Clinton, trade negotiators said in Geneva yesterday.

They said President George Bush and British prime minister Mr John Major, while making an honest attempt to achieve a conclusion, had failed to take note of the time needed to win agreement from the other 106 countries negotiating the round.

One senior US official insisted that while negotiators remained ready to settle the Uruguay Round, which has made faltering progress for the past six years, the obstacles remained at a political level back in national capitals: "I don't see any change in circumstances between last week and Christmas that are likely to make a mid-January conclusion possible."

Another official argued that Gatt negotiators "could not see the outgoing Bush administration being able to make the sort of concessions that would make an agreement possible."

Mr Clinton has still to name his senior trade negotiator, though it is assumed he will this week.

A senior EC official, who argued that with the right political impetus from Washington and Brussels the EC and the US could settle out-

standing differences, insisted that neither President Bush nor Mr Major had taken proper account at the weekend of the views of other countries negotiating the Uruguay Round. "We are not living in a world where the US and the EC can assume a deal can be rubber-stamped by others. At the very least, they will have to do some work on the issues back in their own capitals."

President Bush and Mr Major have made an honest attempt to achieve a conclusion, but have underestimated the resistance of the multilateral system.

The comments follow a rather gloomy top-level stock-taking meeting at the end of last week, at which Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, brought talks to an inconclusive halt ahead of Christmas, commenting that "now, more than ever, we are engaged in a race against time." He called for a further "stock-taking" meeting on January 15, which would keep pressure on negotiators, and test the authority of this week-end's commitments from Washington.

Many countries represented at the meeting voiced frustration at slow progress in recent weeks. Others criticised the US for demanding that a number of issues - including anti-dumping rules and proposals for protection of intellectual property - be reopened.



Collor: senate trial today

Old Brazil also faces impeachment

Christina Lamb reports on the political old guard being shaken out with Collor

AS THE impeachment process of Brazil's suspended President Fernando Collor reaches its climax today with a trial in the senate, many politicians present will be reflecting on their own futures.

The scandal, in which Mr Collor is implicated in a multi-million-dollar corruption network, has led to a more radical political shake-up than the end of military rule in 1985, and few of the old guard have been spared in the fallout.

Not only is there uncertainty over what will emerge from a referendum on the political system next April, but almost all leading contenders for the 1994 elections and traditional power brokers are on the wane, discredited by association with Mr Collor or personal entanglements with corruption.

Mr Collor's fate will be determined today by the country's 81 senators in a marathon 16-hour session presided over by the head of the supreme court. A two-thirds vote - 54 senators - is needed to impeach him. Mr Collor spent yesterday closeted with lawyers deciding whether to appear personally to defend himself.

The suspense gripping the capital on the eve of the judgment was heightened by claims of senators that they had received anonymous death threats warning them against voting for impeachment. Added to that was the news that Mr Paulo Cesar Farias, Mr Collor's alleged front-man, had fled the country with his family in his private jet to Seville. Mr Mauricio Correa, the justice minister, has

ordered a police investigation.

While the Collor scandal has not stopped corruption it has made it harder for corrupt politicians to be elected and has devalued the old Brazilian adage *rouba mas faz* - he steals but he gets things done. Congress now has access to bank records and impunity is no longer guaranteed.

Mr Bolivar Lamounier, a political scientist from the São Paulo Institute of Socio-Economic Studies, says: "This is a historic moment in Brazilian politics. We have a chance that comes perhaps once a century to completely

reform the system and to allow a new generation of politicians to emerge, less wedded to the old ways."

A citizens' action group has been formed to call for the impeachment of all senators and congressmen on the basis that all Brazil's politicians are corrupt.

Leading presidential hopeful Mr Orestes Quercia, 54-year-old leader of the centrist Democratic Movement, Brazil's largest party, was the obvious next target. A man of humble beginnings, he now has a bulging campaign chest and a personal fortune estimated by investigative magazine *Veja* at \$52m. His increases in wealth coincided with spells in office, particularly as governor of São Paulo, Brazil's richest state, from 1986 to 1990.

Antonio Carlos Magalhães, 65-year-old governor of Bahia and long-time "godfather" of the Brazilian political scene, has lost his influence since failing to support impeachment.

Mr Leonel Brizola, 70-year-old firebrand populist and governor of Rio, has seen his grip over Rio slip so much that his candidate in the recent elections for mayor failed even to make it to the run-off. He faces open mutiny from his own state police, who last week arrested his daughter for alleged cocaine possession.

Tragedy has also played a part. Within days of the impeachment vote, Mr Ulysses Guimarães, the grand old man of Brazilian politics, died in a helicopter accident after 44 years as a congressman.

One of the younger generation to move to the forefront with the fall of the old guard is 43-year-old Tasso Jereissati, leader of the Social Democrats. Widely respected for his work as governor of the poverty-stricken state of Ceará, Mr Jereissati says: "I hope as a result of the Collor experience we will now have a more rational succession of power based not on charismatic leaders or messianic speeches but on programmes and administrative capability."

Municipal elections last month showed that the main beneficiary has been the left, the Workers' Party taking four state capitals. Mr Luís Inácio da Silva, its leader and near winner in the last presidential elections, is the only leading political figure untainted by corruption and events of this year, and many businessmen are now ordering assessments of the likely actions of a left-wing government.

On the other side of the spectrum the emergence of Mr Paulo Maluf, the authoritarian former governor of São Paulo and leader of the right-wing Democratic Social Party. Easily elected mayor of São Paulo, he has become the main focus of conservative forces.

Much now rests on the referendum in April. The Collor scandal is thought to have discredited presidentialism, particularly as only one civilian president has completed his mandate in the last 67 years, and shifted the focus of political aspiration to more parliamentary politics.

Battle in Algerian town

ALGERIAN troops have fought a nine-hour battle with gunmen in a Muslim fundamentalist stronghold near Algiers, the official news agency APS said yesterday. Reuters reports from Algiers.

No casualty figures were immediately available but APS reported "deaths and wounded" in the operation in the town of Blida on Sunday night and said "an important

armed group had reportedly been neutralised."

The authorities have recently stepped up their battle to crush Islamic fundamentalists, blamed for killing about 800 members of the security forces since last February.

Last week troops killed 13 fundamentalists in a sweep of mountains near Algiers and in two eastern suburbs.

EURO DISNEY NOTICE OF GENERAL MEETING

The shareholders of Euro Disney S.C.A. are informed that the annual general meeting will take the form of a combined general meeting (deliberating as an ordinary general meeting as well as an extraordinary meeting), and will be held on February 11th, 1993 at 11.00 am at the Hotel New York (Euro Disney Resort), Chessy (Seine-et-Marne), France.

The agenda for the meeting, a list of resolutions and the annual report of the Company are available from S.G. Warburg Securities, 2 Finsbury Avenue, London EC2M 2PA until February 11th, 1993.

Any shareholder, regardless of the number of shares he/she holds, has the right to attend this meeting, to be represented by another shareholder and member of this meeting or by his/her spouse, or to vote by mail.

In order to attend or to be represented at this meeting or to vote by mail: - holders of registered shares will have to be registered at the latest five days prior to the date of the meeting;

- holders of bearer shares must ensure that the manager of their share account confirms, prior to the same date, their shareholding as at the date of the general meeting with Banque Indosuez, 96 boulevard Haussmann, 75008 Paris, France.

Banque Indosuez will make available to interested shareholders proxy or postal voting forms and admission cards.

Shareholders wishing to vote by mail must, pursuant to legal provisions, request by registered mail with acknowledgement of receipt requested, a postal voting form from Banque Indosuez or the registered office of the Company.

In accordance with the law, shareholders are reminded that:

- any request for a form, to be taken into account, will have to be received at the registered office of the Company or at the above office of Banque Indosuez six days prior to the day of the meeting, i.e. by Friday 5th February, 1993 at the latest;

- the form, duly completed, will have to be received at the registered office of the Company or at the office of Banque Indosuez, 96 boulevard Haussmann, 75008 Paris, France, three days prior to the meeting, i.e. by Monday 8th February, 1993 at the latest;

- holders of bearer shares will have to attach to the form a certificate issued by the manager of their share account confirming their shareholding;

- shareholders voting by mail will not be entitled to attend the meeting in person or be represented at the meeting by proxy.

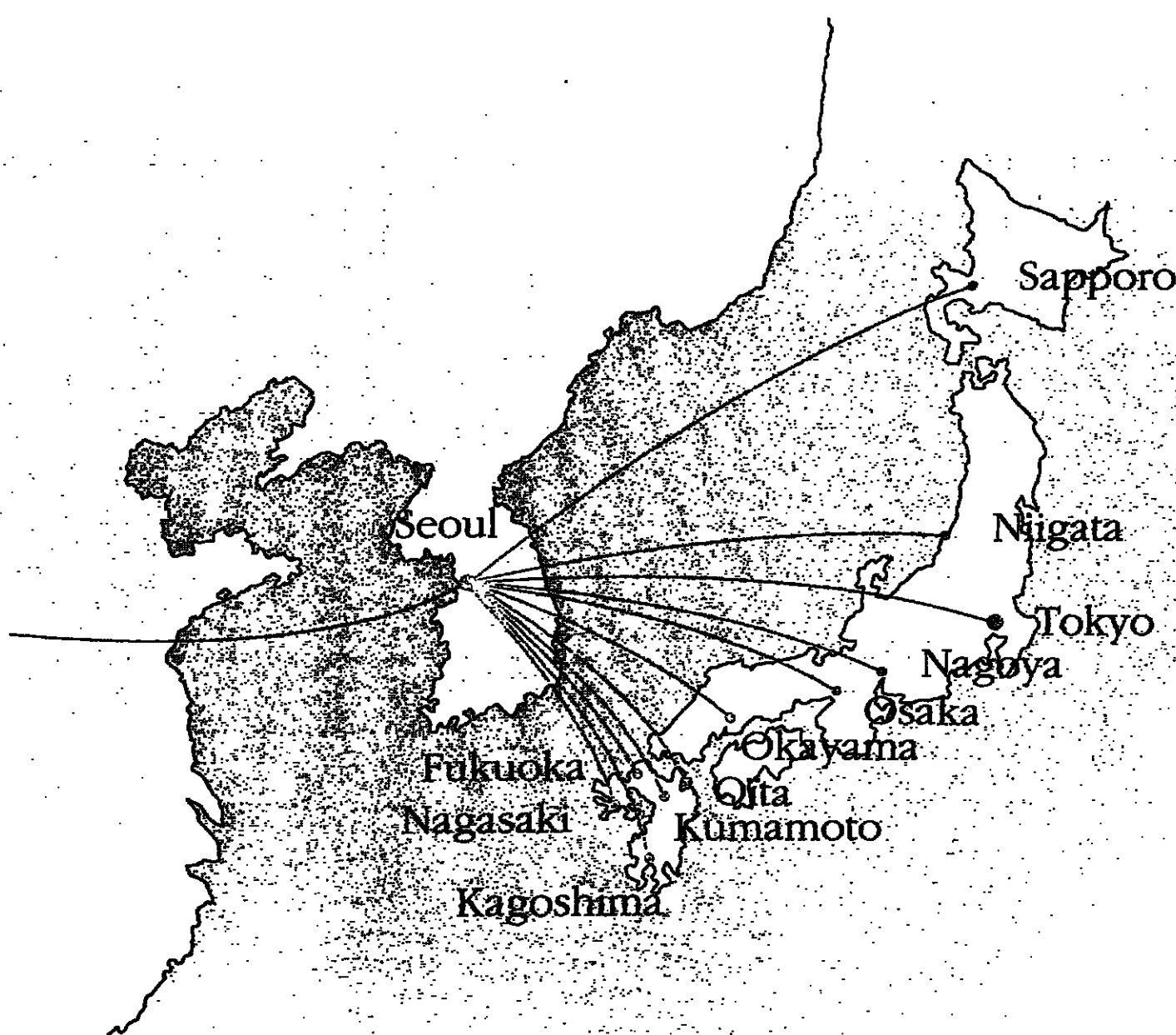
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KOREAN AIR

NEWS: INTERNATIONAL

Rao survives crucial vote on Ayodhya

By Stefan Wagstyl and Shiraz Sidhu in New Delhi

MR. P.V. Narasimha Rao, India's prime minister, yesterday survived a parliamentary no-confidence vote called over his handling of the Ayodhya mosque crisis.

The militant Hindu Bharatiya Janata Party, the main opposition party which organised the rally at which the mosque was destroyed, failed to persuade other political groupings to support its call for the prime minister's resignation. MPs of the ruling Congress (I) party and its left-wing allies rallied around Mr Rao.

The no-confidence motion against the government, put to the vote after a noisy four-day debate, was defeated 334-106, with 47 members of the National Front abstaining.

Congress MPs were generally unimpressed by the prime minister's performance in the debate, in which he denied the government had failed to do enough to protect the mosque from destruction by Hindu militants.

Mr Inderjit Gupta, a Congress party member, publicly criticised Mr Rao during the debate over the arrest of Mr L.K. Advani, the BJP leader and leader of the opposition, who is being held in police custody on charges of fomenting inter-racial hatred.

Some Congress members voiced their doubts privately, saying the prime minister had said nothing about the proposed rebuilding of the mosque and the future of the makeshift Hindu temple erected by mili-

itants on the disputed site.

MPs felt Mr Rao had done enough to quell any immediate attempts to unseat his government but had failed to reimpose his authority on the party. Such lukewarm support for the prime minister could hamper his efforts to implement firm policies to cope with the aftermath of the Ayodhya crisis and with other challenges, including the future of the country's economic liberalisation programme.

Mr Rao described the demolition of the Ayodhya mosque as a tragedy, an act of betrayal and vandalism. The destruction had been pre-planned, he claimed. Mr Rao announced increased compensation for the families of the 1,200 people killed in the nationwide riots after the mosque's destruction. He urged restraint on the use of religion in parties' electoral platforms, a clear reference to the BJP's espousal of Hinduism, though he did not name the party.

Failure of the no-confidence motion had been expected. Shares rose sharply yesterday after two weeks' sharp decline. The Bombay Stock Exchange's 30-share index soared 65.21 points to 2,542.10.

Mr C. Rangarajan yesterday took over as governor of the Reserve Bank of India from Mr S. Venkatarman, whose two-year term was clouded by the Bombay securities market scandal. The bank was widely criticised over its supervision of the market. Mr Rangarajan was deputy governor of the bank for 10 years.

Bank lending curbs hit money supply

By Robert Thomson

JAPAN'S money supply in November contracted 0.5 per cent from the same month last year, reflecting the impact of curbs on new lending by the country's banks, which are burdened by non-performing loans.

The contraction of M2 plus certificates of deposit followed a fall of 0.6 per cent in October and marked the third straight month of year-on-year decline, prompting Japanese business organisations to call for an easing of lending restrictions.

However, the Bank of Japan argues that the contraction is due more to weak demand for new lending than to the banks' inability to lend. The bank said money supply growth was likely to return soon, as the October contraction appeared to have been the turning point.

The bank prefers to judge trends from the broadest measure of liquidity, which includes postal savings funds, and which grew by 2.6 per cent in November, compared to a year earlier, down from 2.7 per cent growth in October.

Money supply growth has slowed sharply over the past two years.

In October 1990, broad money expanded 11.8 per cent on a year earlier, but the growth fell in virtually every month until September, when it contracted 0.4 per cent.

Rhône-Poulenc in plant agreement with Chinese

By William Dawkins in Paris

RHÔNE-POULENC, France's leading chemicals group, has reached a co-operation agreement with the Chinese government to build and operate two plants with local partners, and to license technology there.

This is Rhône-Poulenc's first industrial investment in China, where it plans to supply the fast-growing textiles industry with artificial fibres.

The largest plant, requiring an investment of up to FF1bn (€120m) in north-east China, is expected to start producing nylon salt (granulates which turn into nylon when heated) in about three years, in partnership with Sinopec, a Chinese state-owned group.

A smaller plant, to produce

high-performance plastics, is scheduled to open in two years near Shanghai, according to Mr Michel Maupin, Rhône-Poulenc's vice-president in charge of fibres and polymers.

The licensing deal covers technology for producing nylon salt, to a Chinese-owned company, to a Chinese-owned company, to a Chinese-owned company.

The French group has been selling nylon salt to China for 18 years and now exports FF700m-worth annually. It expects Chinese production of synthetic fibres to grow from 1.65m tonnes in 1990 to 2.8m tonnes a year by the end of the decade, as more textile and tyre production shifts to low-labour-cost countries.

Position in Caribbean holds great promise for export earnings, says Washington think tank

End of US embargo 'would revive Cuba'

By George Graham in Washington

CUBA'S exports could recover quickly and strongly as soon as a market economy was introduced and the US trade embargo lifted, according to a study under way by the Centre for Strategic and International Studies, a leading Washington think tank.

Mr Ernest Preeg, former chief economist of the US Agency for International Development and author of the CSIS study, says Cuba has suffered terribly from the cut-off in Soviet aid, which has reduced the island state's imports from \$8bn in 1989 to \$2.2bn in 1992.

This has caused food and fuel shortages, but Mr Preeg says the most damaging effect may be the strangling of machinery imports, which is causing a cumulative crumbling of the Cuban industrial base.

Market reforms and a lifting of the US embargo could lead to a sharp revival in export earnings, with little of the disruption that has accompanied such reforms in eastern Europe and the former Soviet Union.

Tourism receipts and remittances from Cuban exiles, in particular, could start to flow very quickly, Mr Preeg says, but Cuba's position in the Caribbean basin holds great promise for earnings from other agricultural exports as well as from assembly-type manufacturing.

Citrus exports, for example, could take off because Cuba has good trees, and needs just one year's pesticides to

upgrade its fruit from the low-level concentrate quality to juice or even fresh fruit quality.

Mr Preeg warns that the US should not lift its embargo without human rights and democratic reforms, since the end of the embargo alone would give the Castro government between \$800m and \$1.1bn a year of additional foreign exchange inflows, mostly from tourism and remittances.

However, he argues for a more active American diplomatic approach towards Cuba, with the development of

both carrots and sticks.

Critics of the US's Cuban policy complain that severe damage could be done to Cuba's economic and social structures while Washington waits for the Castro government to collapse.

Neither the Clinton administration nor the new Congress, however, is likely to favour loosening the embargo.

State television in Havana claimed a high turnout in local government elections held on Sunday, news agencies report. By mid-afternoon, nearly 94 per cent of the island's 7.5m

registered voters were said to have voted.

In the week leading up to the poll, the authorities launched a crackdown against dissidents who said the elections left no room for opponents of one-party Communist rule.

Voters in 13,565 constituencies in the election chose one municipal assembly representative. The elections were the first stage of a new electoral process which culminates in direct, parliamentary elections on February 21 within Cuba's one-party system.

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Tired US Marines at Mogadishu airport yesterday take a last-minute nap as they wait to board a transport aircraft bound for the famine-stricken interior of Somalia

French troops wound gunmen in Somalia

FRENCH troops wounded at least three gunmen when they came under attack in southern Somalia, a French military spokesman said yesterday, Reuters reports from Mogadishu.

Ten gunmen in a "technical" battlewagon charged towards the French soldiers' observation post near the town of Baldoon on Sunday night, Col Jean-Paul Ferrache said. The troops opened fire.

The three Somalis, found with automatic rifles, were taken to hospital, one with severe stomach wounds. No French soldiers were hurt and the other gunmen fled.

The clash highlighted continued insecurity in Somalia, where US-led forces have intervened to keep pillaging gunmen and feuding clan militias away from food for victims of Africa's worst famine this century.

Relief agencies put pressure on the US military yesterday to extend their security umbrella to north Mogadishu, nominally controlled by warlord Ali Mahdi Mohamed.

"It's tempting with AK-47s and with technicals," Mr Mark Thomas, spokesman for the UN Children's Fund, said. "Any military presence at all would help, as long as it is a show of force. They said it would happen soon but would give us no definite date."

US troops who secured Mogadishu port and airport at the start of Operation Restore Hope on December 9 have escorted food convoys across the Green Line dividing the capital, but do not operate patrols in the north. Relief agencies have withdrawn almost all foreign staff from the enclave because of the insecurity.

US Marines and their coalition allies have set up bridgeheads for the relief operation in Baldoon and at a military airfield in Bal Dogle. On Sunday they entered the southern port of Kismayu.

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Lebanon 'will not be a dumping ground for Israeli problems' says prime minister

Beirut refuses to give way over deportees

By Lara Mariowe and Reuter in Beirut

ISRAEL'S expulsion of 415 Palestinians has inspired widespread sympathy for them in Lebanon, but the government in Beirut is none the less determined that it will no longer be an unwilling accomplice in such actions.

Mr Rafik Hariri, the Lebanese prime minister, said that Lebanon "will not be a dumping ground for Israeli problems". Sixty-six Palestinians have been deported to Lebanon in the past five years, and Lebanon has never before refused to receive them.

However, the government yesterday issued a communiqué saying the Lebanese army had instructed the 415 deportees to "go back where they came from". It noted that humanitarian organisations had been ordered "to stop all assistance to the area where the deportees are located".

The deportees had set up a makeshift camp in no-man's land in south-eastern Lebanon. Reporters at the scene said the South Lebanese Army fired around the deportees and over their heads as they attempted to return to Israel and came within several hundred yards of the SLA positions at Zemaraya on the edge of Israel's Lebanese "security zone". Two Palestinians were wounded and taken to hospital in the Lebanese government-controlled village of Rashaya.

Israeli prime minister Yitzhak Rabin claims the 415 men are now Lebanon's responsibility, but Mr Hariri firmly rejected liability for their well-being.

"I feel sorry for the difficult and inhuman conditions under which the deported Palestinians are living," Mr Hariri said. "But the position of the Lebanese government has not changed. The Israeli government continues to bear the responsibility for this decision which is contrary to the principles of international laws, especially the Geneva Convention."

Asked whether Lebanon intended to participate in Middle East peace talks when they resume after US President-elect Bill Clinton is inaugurated on January 20, even if the 415 Palestinians were still trapped in their camp, Mr Hariri indicated it would.

"We have to discuss this matter in the council of ministers, but as a principle we don't see why we will not continue the peace talks," he said.

The Lebanese government was in some disarray over the order yesterday that the deportees should move south. An official told Reuters news agency: "The orders by a (Lebanese) army unit to the deportees to return to the Israeli-held area is not an official stand by Lebanon."

But Mr Mohsen Dalloul, defence minister, said Lebanon would "use pressure" if necessary to stop the deportees from entering government-controlled areas - and it would send them back to Israeli-held areas if it could.

Mr Michel Samaha, information minister, said Lebanon was not responsible for the deportees because they were in an area not controlled by the Beirut government.

"The Lebanese government is not responsible in any way for the deported brothers as their present location is outside the geographic context in which the Lebanese state practices its sovereignty," he said after a meeting with the prime minister, defence minister and Gen Emile Lahoud, army chief.

What has helped the government, however, is the support of the deportees themselves. The Lebanese army officer commanding some 60 troops just north of the deportees' encampment, Maj Omar Halaby, was applauded by the Palestinians when he told them to return to the Israeli-occupied zone of southern Lebanon yesterday.

The Lebanese foreign minister, Mr Fares Bweiz, criticised UN Security Council resolution 759 for failing to include sanctions against Israel.

"The international community must realise that its credibility is at stake if it remains silent in this affair, which resembles Nazi practices during the second world war," Mr Bweiz said.

Europe has new trade zone

By Christopher Bobinski in Warsaw

POLAND, Hungary, Slovakia and the Czech Republic yesterday established a regional trading zone designed gradually to eliminate tariff barriers by the end of the century and ensure compatibility with the European Community and countries of the European Free Trade Area.

Tariffs on agricultural and industrial goods are to be reduced between 1995 and 1997, while barriers to trade in other more sensitive categories such as cars, textiles and steel are to be scrapped by 2001.

The signing in Krakow yesterday was greeted with relief, given the tension between Hungary and Slovakia over the Danube dam and the "divorce" of Slovaks and Czechs at the beginning of 1993.

At one point, the Hungarians had wanted a bilateral free trade pact with the Poles. The Czechs stressed their free trade credentials and their differences with the Slovaks by pressing for a shortening to four years of the period in which tariffs are to be reduced.

The Slovaks wanted to lengthen the time frame to eight years. In the end, the agreement which scraps tariffs on raw materials and goods where exports do not compete directly with locally-produced items, on March 31 1993, is accompanied by a declaration committing the signatories to start new talks on eliminating tariff barriers within five years.

US warns China on HK deals

US commerce secretary Barbara Franklin told China yesterday not to invalidate contracts in Hong Kong as part of Beijing's war-of-words on wider democracy in the British colony's final five years. Reuters reports from Hong Kong.

Washington would protect US companies if Beijing's promised voiding of contracts stood to harm US interests after Hong Kong's transition to Chinese sovereignty in 1997, Ms Franklin said.

Recent statements by the Chinese have placed in doubt the continuity of certain Hong Kong contracts signed prior to 1997, she told the local American Chamber of Commerce after a three-day visit to China.

China sparked a 17 per cent plunge in the Hong Kong stock market with threats to disavow the Sino-British Joint Declaration on Hong Kong's handover and to tear up Hong Kong contracts not to its liking after 1997.

THE carload of government supporters careered down Nyeri's main street, loudspeaker blaring election slogans, occupants waving posters adorned with a cockerel, symbol of Kenya's ruling party, Kanu.

It was a forlorn gesture of defiance, Nyeri, centre of a rich agricultural region and home to the disgruntled Kikuyu tribe, will declare for the opposition in elections next Tuesday, the first multi-party poll for 26 years.

But when overall results are declared, Kanu and its leader, President Daniel arap Moi, may well have cause to crow.

The combination of an efficient party machine, a core of support based on an alliance of ethnic minorities and what are politely termed election "irregularities" make it possible now that Kanu will slide home with the most seats in the 188-member parliament and Mr Moi may win the presidential poll, largely by default.

A year ago this prospect would have been almost inconceivable. Since then the opposition forces have fragmented and Kanu has been able to exploit this division.

Flawed Kenya poll is set to resolve little

Michael Holman and Julian Ozzane warn of grave consequences if election is not judged 'free'

State resources - ranging from government funds to vehicles and civil servants, radio and television - have been deployed in Kanu's cause.

The consequences of failure to meet the criteria of "free and fair" are grave. Aid flows, suspended a year ago, will stay frozen, and the

ble opposition victory. Leading the challenge is the Democratic Party of Mr Mwai Kibaki, former finance minister and vice president. Running second is Ford Kenya, under Mr Oginga Odinga, the 86-year-old veteran politician; and in third place is Ford Asili, headed by former minister and bus-

nessman Mr Ken Matiba. At least three of Kenya's eight provinces have largely deserted Mr Moi and Kanu - Central, Nyanza and Nairobi. The stronghold of opposition is in the densely populated Central province, home of the large and wealthy Kikuyu tribe, which forms about 21 per cent of Kenya's 25m population.

All-powerful under the late President Mr Matiba's strong presence in his home district of Murang'a.

Most of the 29 seats in Nyanza province are expected to fall to Ford Kenya; Kanu's best chances are in Kisumu district, where Mr Simon Nyachae, the influential former cabinet secretary, is leading the party's campaign.

Nyanza, a fertile sugar cotton and rice province bordering Lake Victoria, is home to Mr Odinga's Luo tribe, 15 per cent of the population. They are deeply embittered by the murder two years ago of their kinsman, Mr Robert Ouko, the former foreign minister. There are suspicions of high-level government involvement in his death.

In Nairobi, where Luo and Kikuyu make up a majority of the capital's population, most if not all the eight seats are expected to fall to the opposition.

Mr Moi and Kanu are strongest in the Rift Valley province, home to about 30 per cent of the electorate and with 44 seats at stake. The province is home to Mr Moi's Kalenjin tribe (11 per cent) and other minority ethnic groups such as the nomadic Turkana, Samburu, Masai and Pokot, who will turn out solidly for Kanu.

In Eastern Province the DP is a strong contender for the 32 seats at stake. Kanu's best chances lie in the

arid northern districts of Isiolo and Marsabit, containing six seats.

In the 20 constituencies in Coastal province at least half the seats are expected to fall to the opposition, mainly to Ford Kenya, benefiting from an informal alliance with the banned Islamic Party of Kenya. The IPK represents the disgruntled local Moslem population, who accuse the government of being dominated by irrend tribes.

Western Province's 20 seats are likely to be split between Kanu and the main opposition parties. A key figure is Mr Martin Shikuku of Ford Asili, expected to win support of his Luhya tribe (14 per cent).

The wild and virtually sealed off North Eastern province, with 10 seats, is a mystery. Its population, Somali in origin, are resentful about a government ethnic screening exercise last year, but Kanu is the only party with a presence.

Opposition parties have already warned about the prospect of serious unrest, even civil war, if Kanu clings to power unfairly. In the slums of Nairobi, Nakuru and Kisumu, hundreds of thousands of urban poor with nothing to lose are a powder keg waiting to be lit.

Britain rejects EC poll reform

By Philip Stephens
Political Editor

BRITAIN will retain the "first past the post" voting system for the European elections in June 1994, Mr John Major, has decided.

The prime minister said yesterday he would not follow other "European Community" countries, all of which use some form of proportional representation for electing members of the European Parliament.

Under the British system voters within a constituency have one vote. A simple majority gives the parliamentary seat to the winner.

Mr Major's comments ended speculation that the decision at the European summit in Edinburgh to give Britain six more MEPs would lead to electoral reform. Northern Ireland's MEPs are already elected by proportional representation.

It had been proposed that the extra seats could be added by turning existing European constituencies into multi-member seats.

Confusion remains over how the six seats will be allocated. The 1978 European Parliamentary Elections Act made no provision for a review and changes would need legislation.

The Boundary Commission is preoccupied with re-drawing seats for the House of Commons in time for the next general election. One option would be for the home secretary to set up a special ad-hoc committee to make arrangements in time for the 1994 European elections.

Mr Major said he could see the "superficial equity" of bringing the electoral systems used by all EC countries into line. But he added: "Our tradition in this country is to maintain a direct relationship between the elected member and an individual constituency and that tends to argue for the 'first past the post' system. I don't myself imagine that we are likely to change that."

The European parliament has repeatedly called on the European Council of ministers to agree a common electoral system. All countries and the European Commission have agreed that uniformity would be desirable. But there has been stalemate in talks on what system to adopt.

Prime minister rules out immediate cabinet reshuffle, safeguarding Lamont's position

Major backs measures to help industry

By Philip Stephens
Political Editor

MR JOHN MAJOR gave a clear signal yesterday that a package of measures to underpin industrial investment will be at the centre of the next Budget in March.

He confirmed also that Mr Norman Lamont was not about to be moved from his post as chancellor of the exchequer.

In an effort to end the speculation about Mr Lamont's future, the prime minister ruled out an early cabinet reshuffle. Returning from a trip to Washington he told BBC Radio that he was ready to make ministerial changes "as and when" was necessary. But he added: "I am not anticipating a January reshuffle."

His comments were interpreted in government circles as

signalling that despite the prospect of a critical House of Commons report on his handling of his personal finances, Mr Lamont's position at the Treasury is secure until the summer.

But the prime minister accompanied his support for the chancellor with a clear signal that he intends to take an active role in shaping the contents of the March Budget.

He said that his first priority in 1993 was "to ensure that companies have the confidence to invest". Capital investment was the key both to medium-term growth and prosperity and to short-term job creation.

Voicing hopes that the international environment would allow him to focus much more of his attention on his domestic agenda in 1993, Mr Major added: "I do see it as a year in which we begin to recreate the

UK economic performance

improved marginally in the third quarter, although figures released yesterday indicated most areas of activity were flat. The Central Statistical Office said gross domestic product grew by a seasonally adjusted 0.1 per cent in inflation-adjusted terms between the second and third quarters compared with its announced third quarter GDP. Excluding oil and gas output, GDP fell 0.3 per cent compared with 0.3 per cent reported earlier.

confidence, the growth and the prosperity of British industry and commerce.

Mr Major wants the next Budget to build on the investment incentives in last month's Autumn Statement, which temporarily raised capital allowances for spending on industrial plant, machinery and buildings. He will also press the Treasury to increase the scope for private and public sector partnerships in large-scale infrastructure projects.

Government officials acknowledge there will be no scope for net reductions in taxation in March. Ministers have not ruled out the possibility of an overall increase in taxation. But Mr Major is determined that the government should follow through on its recent commitment to a revival of manufacturing industry by extending tax incentives.

He wants Mr Lamont to consider also special help for small businesses, the worst affected victims of the recession, and for exporters facing increasingly tough world markets. Mr Major has given his full backing to Mr Michael Heseltine,

trade and industry secretary, in his efforts to change the "culture" in government in support of industry.

Mr Lamont and his fellow Treasury ministers will not map out their strategy for the Budget until their traditional meeting on January 9.

Because of the introduction at the end of 1993 of a unified budget embracing spending as well as taxation, there has been speculation in Whitehall that the March package might be a "holding operation".

But with his longer-term future still uncertain, Mr Lamont is keen to make a significant impact in March. He is expected to canvass the possibility of an extension of Value Added Tax to zero-rated items like domestic fuel, transport, new house-building and newspapers to pay for wide-ranging tax reform elsewhere.

Britain in brief

£90m cut in UK defence research

The government's Defence Research Arm confirmed it was cutting 2,000 jobs, mainly in the south of England.

The cuts will save £90m a year from the DRA budget of £800m a year.

"These savings are absolutely necessary in order to turn the DRA into a viable and cost-effective organisation offering real value for money to its customers," said the DRA. The agency also blamed "the downward trend in defence expenditure".

Eighteen sites, out of a total of 54, will be shut over the next five years, said the DRA.

The Association of British Chambers of Commerce, with 80,000 members, is to combine with the National Chamber of Trade with 150,000 members. The chambers of commerce will absorb the NCT which will form a retailing division. The merger will create an organisation similar in size to the Confederation of British Industry. Preliminary talks have also been held with organisations representing local enterprise agencies and business clubs about the possibility of forming links, Mr Ron Taylor, director general of the association said.

US law suit rejected

A High Court judge rejected a law suit brought against the administrators of Canary Wharf, by Bear Stearns, a US investment bank which occupies 20,000 sq ft of the Docklands development.

Bear Stearns claimed that it was entitled to rescind its Canary Wharf lease because Olympia & York, the developers, had breached its agreement to pay the rent on Bear Stearns' former premises at Devonshire Square. However, Mr Justice Morritt in the Chancery Division of the High Court concluded that there had been no breach.

The ruling has important implications for several other tenants at Canary Wharf, since O&Y commonly offered to take responsibility for a tenant's old premises as part of an incentive package to move to Canary Wharf. None of these obligations have been met since Canary Wharf went into administration in May.

On ice....

The occupation of the former Lyons Maid ice cream factory at Kirkby, Merseyside, has ended without agreement that the workers can try to keep the business going as a co-operative.

Nestlé UK, which acquired the business from the receiver, has agreed to assist in setting up the co-operative and has donated the equipment in the plant. Mr Brian Revell, national officer of the TGWU general union, said: "This is a very significant development which provides an opportunity for our members to secure their jobs."

Tour groups cut prices

The big three tour operators - Thomson, Owners Abroad and Airtrams - are cutting the costs of summer holidays next year in an attempt to stimulate sales in the recession-hit market.

Thomson, the largest operator, is reducing the prices of more than 1m holidays by £50m across a range of European and US resorts.

Bookings for summer 1993 are 10 per cent down at present and there is no sign of the recession ending, according to the company.

"With value for money a top priority, these new prices will mean an overseas holiday is as affordable as a day at the seaside," said Mr Charles Newbold, managing director.

Local chambers to merge in UK

Britain's chambers of commerce and chambers of trade will end nearly a century of rivalry when they merge on January 1 to form an organisation with 230,000 members.

London exchange plans closure of unlisted market

By Maggie Urry

THE London Stock Exchange has recommended the Unlisted Securities Market (USM) should close at the end of 1995 because it no longer fulfils its role of providing capital for small companies.

It is proposing to establish "an identifiable smaller companies sector" on the Official List, to which the 300 companies on the USM would have to move or lose their quotations.

To help companies make the transition to the List, the initial fee payable on transfer to the main market will be waived and companies will not be required to produce listing particulars.

The fee varies according to the value of the equity admitted to the list.

Speculation about the proposed closure of the market, which opened in 1980, has grown during the last year while the Stock Exchange conducted a review of its future.

The review concluded that there had been a convergence between the USM and the List and "investors and companies' perceptions of the USM have markedly deteriorated". The

USM "is now widely regarded as a dying market". It said, with companies only remaining on the USM because of the cost of moving to the list.

The review also found there were more small companies on the List than on the USM.

A final decision about the USM will be taken in March, and the Exchange will take comments received before March 6 into account. If the closure goes ahead, no new issues will be allowed on the USM after June 30 next year.

Mr Ian Salter, deputy chairman of the exchange, said: "The USM was a very successful market for smaller companies raising capital in the 1980s. Our research shows it is no longer fulfilling that role."

Many USM-quoted companies welcomed the decision. But the move has been opposed by those who believed the USM provided an important source of equity capital for smaller companies in the 1980s, and could do so again once the recession lifted.

During its review the Exchange considered a new market for immature companies but found there was "insufficient demand".

Computer finale to tall story

By Jim Kelly

THE LIGHTHOUSE keepers of England are a dwindling band. The logic of automation, as inexorable as the North Atlantic, has cut their number from 270 at the turn of the century to just 123 today.

Yesterday, The Bishop Rock, for 134 years a chess-piece beacon off the Isles of Scilly, lost its last keeper. He was replaced by £450,000 of computer-controlled equipment.

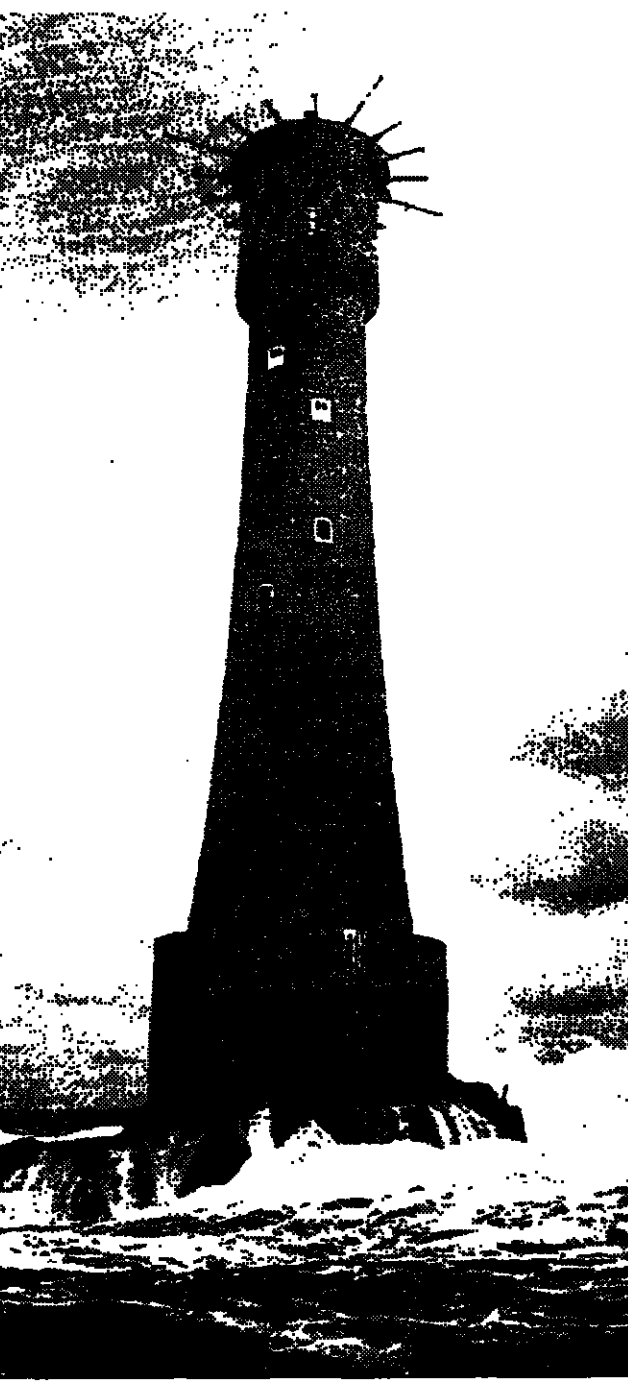
For Trinity House, which runs the service, the cost per annum will be £96,000 compared to £191,000 for maintaining keepers on the rock.

Over the next 15 years Trinity House hopes to save £975,000 at The Bishop. The automation brings it closer to its target of replacing all offshore keepers by 1997. After The Bishop only three manned towers remain.

The tower needed a crew of six: three on duty and three off. The average wage was £10,000 per annum for working four weeks on and four weeks off.

Now the tower is monitored from Trinity House's control centre at Harwich, East Anglia, with telemetry provided by GEC, Britain's biggest industrial company. The Bishop will have its own "attendant" who will visit every month, plus a six monthly general overhaul.

Despite the savings many will regret the passing of the lighthouse keeper. The Bishop has been the marker for 'Blue Riband' crossings of the Atlantic for more than 150 years. Since then sailors have looked on The Bishop with relief from today no one will be looking back.



Autopilot: Computers now control The Bishop Rock lighthouse after the last keeper left yesterday by helicopter

Ian Maxwell 'in breach of duty'

MR IAN MAXWELL was yesterday ordered by a High Court judge to pay £500,000 to the liquidators of Bishopsgate Investment Management, the former managers of the Mirror Group pension funds, writes John Mason.

The action brought against Mr Maxwell was similar to that brought against his brother, Mr Kevin Maxwell, which ultimately left him as Britain's biggest bankrupt, owing the liquidators more than £400m.

The judge ruled that Mr Ian Maxwell had been in breach of his duty as a BIM director by signing forms to transfer shares from BIM to Credit Suisse without questioning the transaction. The £500,000 interim payment was ordered until an assessment of the value of the shares is made.

The judge rejected an application by BIM's lawyers for Mr Maxwell to be summarily liable for more than £400m of losses, arising from other transfers.

Lawyers for Mr Maxwell

indicated in court that he might not be able to pay the £500,000. If this were the case, enforcement proceedings against Mr Maxwell could lead to him being made bankrupt too. His lawyers said they were considering an appeal.

In an earlier affidavit Mr Ian Maxwell said he only had limited knowledge of BIM's operations and signed the stock transfer form for Credit Suisse because he had relied upon his brother having already signed it.

TV chief to run prison service

By Alan Pike
and Ray Snoddy

THE government's determination to maintain the momentum of change in the prison service was signalled yesterday with the surprise appointment of Mr Derek Lewis, a television executive, to run it.

Mr Lewis, 46, chairman of UK Gold Television and former chief executive of Granada Group, takes over as director-general next month. He will become chief executive in April, when the service is relaunched as a Next Steps agency at arms-length from the government.

Mr Kenneth Clarke, home secretary, said he believed Mr Lewis, with his business background, was "best equipped to manage the process of change" needed in the service. In spite of his lack of civil service experience, Mr Lewis will become



Derek Lewis will takeover prison service next month

the home secretary's chief policy adviser on prison matters.

Union leaders and prison reform organisations last night expressed concern about Mr Lewis's selection, with the

Association of First Division Civil Servants saying it "looked like a political appointment by the home secretary."

The prison service has traditionally been run as a highly-centralised civil service department and dominated at local level by the Prison Officers Association, its powerful trade union. Mr Lewis's appointment is the latest in a series of government initiatives aimed at shaking up these arrangements. Britain now has two privately-managed prisons, and both the public and private sectors are preparing bids to manage the rebuilt Strangeways prison, Manchester.

From 1988 to 1992 Mr Lewis worked for Ford Motor, leaving as Ford of Europe's director, finance staff. In May 1991 Mr Lewis had a major setback in his career when he was forced to resign from Granada, with a pay-off reputedly in excess of £500,000.

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as at 30 November 1992	* Source: Mirostat

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Late-running benefit arrives for railway staff

By Catherine Milton,
Labour Staff

BRITISH Rail has announced the arrival of a salary benefit for 4,900 signalling staff - 33 years late.

Rail unions said it was 1960 when they first argued that senior signalling staff should be paid extra for training their juniors - a task never written into their contracts.

The RMT rail union said for more than three decades BR, the state rail network, had refused to entertain the claim. The union never accepted management's view that remuneration for training had been addressed in pay reviews which considered technological change.

BR insisted that, as far as it was concerned, the claim had been lodged only two years ago.

"The claim was lodged in December 1990 and the final offer was lodged in July this year."

"It seems curious that they should not have pursued the claim if they really did lodge a claim in 1960," BR said.

The RMT yesterday accepted BR's offer, noting that the claim had outlasted three of its general secretaries, 17 transport secretaries and seven British Rail chairmen.

Staff have settled for 15 per cent on top of basic pay for every shift worked with a trainee. The RMT rail union calculated staff will walk away with between £4.40 and £5.80 per training day.

The union said it will raise the question of backdating the allowance, although many of the roughly 15,000 signalling staff employed in 1960 have died, moved jobs or retired.

BR said there were many local agreements under which some signalling staff are paid the allowance.

He renewed his call for annual investment of £1.2bn-£4bn in BR.

BOSTON ARGENTINE INVESTMENT FUND, SICAV
Société d'Investissement à Capital variable
RC Luxembourg B 39909
41 Boulevard Royal
Luxembourg

NOTICE OF MEETING

Notice is hereby given to the shareholders of BOSTON ARGENTINE INVESTMENT FUND, SICAV that an extraordinary shareholders' meeting shall be held, before notary, at the registered office of the Company, 41, Boulevard Royal, Luxembourg, on January 8, 1993, at 4.30 local time with the following agenda:

1. Amendment of Article 3 first sentence of the Articles of Incorporation of the Company to be recorded as follows:
"The object of the Fund is to place the funds available to it in transferable investment risks and offering its shareholders the results of the management of the Fund's portfolio."
2. Amendment of Article 5 paragraphs 1 and 4 of the Articles of Incorporation to substitute the reference to article eighteen by a reference to article seventeen.
3. Amendment of Article 5 paragraph 7 to be reworded as follows:
"Shares are issued in registered book entry form only."
4. To delete the paragraph 8 Article 5 of the Articles of Incorporation.
5. To delete the Article 6 of the Articles of Incorporation.
6. Renumbering of the subsequent articles of the Articles of Incorporation.
7. Amendment of Article 12 of the Articles of Incorporation to provide for powers of the Board of Directors to decide about the type of securities eligible for investments and to comply with the investment restrictions provided for by Part 4 of the Law of March 30, 1988.
8. Amendment of Article 17 paragraphs 2 and 3 of the Articles of Incorporation to substitute the reference to article eighteen by a reference to article seventeen.
9. Amendment of Article 17 paragraph 6 of the Articles of Incorporation to be reworded as follows:
"Any request for redemption of shares must be filed by such shareholder in irrevocable, written form addressed at the registered office of the Fund in Luxembourg, or at the office of the person or entity designated by the Fund as its agent for the redemption of shares."
10. Amendment of Article 18 Paragraph 3 line 4 of the Articles of Incorporation to replace the word "a" by "twice a month".
11. Amendment of Article 18 paragraph 6 of the Articles of Incorporation to be reworded as follows:
"11 Securities listed on an official stock exchange or traded on another regulated market which operate regularly and are recognized and open to the public in Argentina, ECU or OECD countries are valued on the basis of the last known sales price. If the same security is quoted on different markets, the quotation of the main market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the valuation will be done in good faith by the Board of Directors or its delegate with a view to establishing the probable sales price for such securities."
12. Amendment of Article 18 paragraph 10 of the Articles of Incorporation to be reworded as follows:
"The percentage of the total value of the net assets to be allocated to each class of shares shall be determined on the establishment of the Fund by the ratio of the shares issued and outstanding in each class to the total number of shares issued, (it being understood that the per share value of each class of shares) and shall be adjusted subsequently in connection with the distributions affected and the issue and redemption of shares as follows:
1) On each occasion, when a distribution is effected on Class A shares, the Net Asset Value of the shares in this class shall be reduced by the amount of the distribution (causing a reduction in the percentage of the total value of the net assets allocated to the shares of this class), whereas the Net Asset Value of Class B shares shall remain unchanged (causing an increase in the percentage of the total value of the net assets allocated to Class B shares);
2) On each occasion, when shares are issued or redeemed, the total value of the net assets allocated to each class of shares shall be increased or reduced by the amount received or paid out and the percentage of the total value of such net assets allocated to each class shall be adjusted accordingly."
13. Amendment of Article 18 paragraph 1 of the Articles of Incorporation to substitute the reference to article eighteen by a reference to article seventeen.
The resolutions may be passed with a minimum quorum of 50% of the issued capital by a majority of 2/3 of the votes cast at the meeting.
The shareholders on record at the date of the meeting are entitled to vote or give proxies.
Proxies should arrive at the registered office of the Company at least 48 hours before the meeting.

By Order of the Board of Directors

A magic carpet teases its companions and hides from them: a woman steps out of a pool with water pouring from a hole in her stomach; cows sing; and a thousand fans are cloned to fill a baseball stadium.

Even in the fantasy world of films, these scenes would have been impossible just a few years ago. The reason they are on screen today is that a new generation of film artists is exploiting a fresh and exciting technique known as computer digitalisation. The widespread acceptance of computer-generated images in films has surprised even the pioneers of such techniques.

"When we started experimenting with computers in films in the early 1980s, a lot of people didn't want to have anything to do with it," says John Lasseter, a film director at Pixar, which has won Academy Awards for its innovations in computer-generated films. "Now, it's hard to imagine an animated film without it. And pretty soon, it may be hard to imagine a feature film without it."

Computers work on both a two-dimensional and three-dimensional level with film. On a two-dimensional level, the computer can be used to fill in colours and background.

Walt Disney routinely uses a computer colouring system to add in subtle shadings throughout an animated piece. Disney and Pixar, which helped develop the system, won a special technical Oscar this year for the technique's contribution to Beauty and the Beast. The technique digitally "inks and paints" the animator's drawings before compositing them with hand-drawn backgrounds and effects.

Industrial Light & Magic, considered the leader in special effects for feature films, used a two-dimensional digitalisation technique to create the hole in Goldie Hawn's stomach in Death Becomes Her. "First we filmed the scene without Goldie in it, exactly duplicating the camera moves," says Thomas Williams, in charge of digital technology at the company.

"Then, we filmed the scene with her in it. The computer took the two films in its memory and used them to create the hole, with the background scenery exactly where it was supposed to be."

The three-dimensional applications of the technique are even more exciting. In the same way that a science researcher uses digitalisation to create a three-dimensional computer model of a molecule - capable of being spun around and viewed from different angles - film makers create fantasy images, then work the film around them.

Walt Disney first used the technique for the clock gears in the animated film The Great Mouse Detec-

Creating dreams on computers

Victoria Griffith looks at the new generation of films that use digitalisation techniques



Computer dreams: Tin Toy was the first 100 per cent computer-generated film to win an Oscar

©1988 Pixar

ive. Digitalisation also created a carriage in The Little Mermaid and a convincing three-dimensional ballroom in Beauty and the Beast.

But the company's latest film Aladdin - which has just been released in the US and will open next year in Britain - has taken the process one step further. It uses the group's first computer-generated animated object, a magic carpet, which appears in nearly a third of the film.

"The software and hardware have progressed, and so has people's acceptance," says Stephen Goldberg, artistic supervisor with the company's computer-generated imagery (CGI) unit. "There is a

growing sense of trust that we're not out to take the art out of animation."

Indeed, most of the people working at CGI have a background in traditional animation. The magic carpet was initially hand-drawn, then digitalised into the computer by animator Tina Price. In the computer's memory, the carpet existed in three dimensions and was able to move around on the film with its complex pattern - containing magic lamps, crossing swords, and tigers' heads - in place.

"It would have been impossible to move the pattern convincingly from frame to frame using traditional animation methods," says Goldberg.

Walt Disney also used the technique to create the film's tiger's head, which emerges from the desert. The tiger's head is made up of many grains of sand which would have jittered on the surface if conventional methods had been used.

Instead, the computer memory keeps the grains of sand in place. Although Walt Disney is unparalleled in combining digitalisation techniques with the more old-fashioned hand-drawn frames, it is Pixar which leads the field in 100 per cent computer-generated films.

Short pieces like Luxo Jr and Tin Toy, which won an Oscar in 1988, have set the pace for the industry. "When we started using these

techniques in the early 1980s," says Lasseter, "there was a misconception that the computer was making the film. That is no more true than the statement that a word processor writes a journalist's articles. But once you have the computer tool to use in animation, you wouldn't want to give it up any more than you would a word processor."

The biggest challenge for animators is getting the computer to generate images that are not perfect looking. "We still want it to look like animation," Lasseter adds. "Computers like geometric, perfect worlds, and we have to fight against that."

For feature films, however, the challenge is just the opposite - making images look as real as possible. Digitalisation has been widely used in science-fiction and fantasy films.

A three dimensional technique created Meryl Streep's twisted neck in Death Becomes Her, and helps contribute to many of the special effects in Terminator 2, including the scene in which a creature rises convincingly from the surface of a tiled floor.

The film world may get computer-generated characters soon. Steven Spielberg is said to be working on a film that would use computer-generated dinosaurs, courtesy of Industrial Light & Magic.

But the use of computers is rapidly moving beyond the science-fiction and fantasy realm to invade all types of films. Pacific Data Image used computer generation to clone the extras in scenes for The Babe, a movie about Babe Ruth, the baseball legend. "They needed 30,000 fans in period dress," says Carl Rosendahl, president. "But it's expensive to hire 30,000 people and produce costumes for all of them. So we took 1,000 extras and filmed them in various parts of the stadium. The computer used its memory to put them all together and we got a stadium full of screaming fans."

Computers are being widely used for complex stunts in action movies. "The stunt man can act in complete safety, with cables attached, and we later remove the wires and scan the scenery back into the film," says Rosendahl.

Computer digitalisation is also making its way into television commercials and music videos. Lancia car advertisements used an effect called morphing to make a logo in the desert melt to form a car, which then drove off. The company also created a singing cow by computer.

Those involved in using computers in films say the new techniques are a long way from reaching their limits. "This industry is still in its infancy," says Goldberg of Walt Disney. "At the moment, the possibilities seem endless."



Improved batteries and chargers have boosted cordless power tool sales

Cutting the cord of power tools

New models need to be recharged less often, writes Della Bradshaw

Among the pairs of socks and festive chocolates, many weary executives are likely to find a power tool stuffed into their Christmas stockings. But rather than a model with yards of rubber-clad cord attached to it, the chances are that this year's drill or screwdriver will be cordless.

These days, that should raise a smile rather than a grimace. Developments in battery and charger technology mean that cordless tools can easily perform most of the handyman's tasks.

"Over the past 10 years, cordless tools have developed to the extent that they are 200 per cent more efficient," believes Brian Neighbour, technical services development manager at power tool maker Bosch.

"When cordless tools first came on the market in the early 1970s, the idea was right but the technology was not there," says Neighbour. "A man would go up a ladder to put in a dozen screws, but would have to come down again when he'd only done five because the tool needed recharging."

Just how long a do-it-yourself enthusiast can now work with a cordless tool before the power runs out is as long as the proverbial place of sitting. It all depends, say the manufacturers, on the size of the bit, the material that is being drilled into, and even the weight of the person using the tool. But as a rule of thumb, they reckon that one of the more powerful cordless screwdrivers could drive in 50 screws before needing a re-charge.

Developments in cordless power tools have been incremental rather than revolutionary. The nickel cad-

mium batteries - similar to those used in portable telephones - have become smaller and are able to pack an increasingly powerful punch.

A lot of work has also gone into the development of circuitry in the charger which powers the batteries. When cordless tools first came on to the market, it took 12 hours to re-power them. That was reduced to three hours, then one hour. Today, manufacturers boast of the "coffee break" charge - just 12 or 15 minutes.

Like portable computer makers, power tool manufacturers have been trying to ensure that the tools use as little power as possible, so the batteries last longer. They have developed a way of lubricating the tools with a special low-friction grease, which ensures that the drill bit or the screwdriver twist as easily as possible and so use less power.

Black & Decker estimates that 30 per cent of its tools sold these days are cordless, with most people buying them as a second tool to use alongside their existing mains-powered model. Nor is it just drills or screwdrivers that are cordless: sanders, circular saws, metal shears and even glue guns are now cutting the cord.

At the more powerful industrial end of the market, not only carpenters and decorators are using cordless tools - although they have proven particularly popular in private house building where they can be used before the mains electricity supply is switched on. These days, even car manufacturers are beginning to realise the advantages of going cordless.

This weekend's FT comes wrapped in some special paper.

Thursday's Christmas Eve FT.

To celebrate the season of peace and goodwill to all businessmen and women, the Financial Times is giving you a present.

The Boxing Day edition of the Weekend FT comes with Thursday's paper (the FT will not be published on Saturday 26th).

So you can enjoy a pink Christmas this year.

No FT...no comment

PEOPLE

M and S

Marks and Spencer has promoted Joe Rowe, Jim Benfield and Roger Aldridge, all divisional directors and all long-serving M and S men, on to the main board.

Rowe, 45, who was made a divisional director in 1990, and is currently in charge of poultry, fish, meat and gifts, joined as a trainee merchandiser in 1975 from Unigate where he had been a systems analyst and then management consultant. With the bulk of his M and S career spent in the food and clothing divisions, he also served a year as Lord Sief's personal assistant when the latter was chairman.

Benfield, 43, who has been responsible for store development and construction services, came to the company as a management trainee in 1970. He has been a divisional director for the past six years.

Aldridge, 45, an Associate of the Royal Institute of Chartered Surveyors, is currently looking after estates. He had been at J Hepworth before joining M and S in 1973. He was also made a divisional director six years ago.

Andy Lusher, head of store operations and property development, retires at the end of December.

Ken Schofield, MTM's chief executive, has completed the managerial stable-cleaning and reorganisation of his troubled chemicals group.

James Friederichsen, president of MTM's US operations, has resigned. He was the last member of the team led by Richard Lines, chairman and founder, who resigned in March.

Non-executive directors

Schofield has simplified MTM's structure into operational units and done away with geographical divisions. Friederichsen ran the now-closed US headquarters in Charlotte, North Carolina, which employed about 20 people.

Ken Carter has been appointed director responsible for fine chemicals, which represents about 40 per cent of MTM's turnover. His main task, according to the company, is to increase plant utilisation at the division's sites at Kirkby and Rock Hill.

Gregory Hutchings, chief executive of Tomkins, and Ian Duncan, finance director, have been appointed to the board of Ranks Hovis McDougall, which the conglomerate took over earlier this month.

Also appointed to the RHM board are Bob Muddimer and Denis Mulhall, both members of the Tomkins management team who have been in the US integrating the 1990 acquisition of Phillips Industries with Tomkins.

Muddimer will be responsible for RHM's operational management in the UK and Europe as group president while Mulhall will be chief financial officer.

Tony Reading moves to the main Tomkins board and will be chief operating officer in the US. He will also have responsibility for RHM's US operations. Malcolm Swain will take over the position of Tomkins chief financial officer in the US.

RHM also announced the resignations of Michael Beckett and Bob Rogerson as non-executive directors of RHM. The other RHM directors who were in place at the time of the takeover remain on the board.



John Parker, chairman and chief executive of Harland and Wolff Holdings, at GKN from next April

Christine Morin-Postel, executive vice-president, corporate development and international operations, at Lyonnaise des Eaux-Dumez, at NRC.

Michael Hogben, a former chairman of the working party on audit guidelines for building societies, at PORTMAN BUILDING SOCIETY.

Alistair Gray, ind of Genesis Consulting, at HIGHLAND DISTILLERIES.

Jim Power as chairman at SPECIALISES on the resignation of Andrew Noble.

Allan Gormley, chief executive of Trafalgar House, as a deputy chairman of ROYAL INSURANCE.

Engle Try, chairman of Try Group and deputy chairman of the Construction Industry Training Board, at THE PHOENIX TIMBER GROUP.

Ray Tindle, chairman of Tindle Newspapers, at SOUTHERN NEWSPAPERS.

John Robinson, chief executive of Smith & Nephew, at DELTA.

Change of heart at Chrysalis

Spurred on by the Cadbury report, music publishing communications and media company Chrysalis is appointing three non-executive directors - the first outside directors on the board since the company was merged with Management Agency and Music in 1986.

Chris Wright, chairman and chief executive, says his previous group managing director, Terry Connolly, who left three years ago, had been "very much opposed to non-executive directors. He didn't think they served a useful purpose."

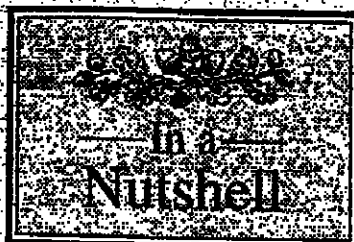
Now Chrysalis has chosen as its most senior non-executive Charles Levison, previously

managing director of WEA Records/Warner Home Video (UK) and then, until last year, managing director of Virgin Broadcasting. Levison, who is also a trained lawyer, will chair the audit and remuneration committees at Chrysalis.

Wright had no need of a headhunter to locate his first non-executive whom he has known since the late 1960s when Levison was a partner specialising in the music industry at Harbert & Lewis. He also helped the company develop relations with the City, a side Wright admits he has not been inclined to pay much attention

to himself. One of his other two non-executives will have an accountancy background, with the other probably coming from the creative side. Again avoiding the headhunting route, Wright says he will solicit his fellow board members for names of suitable candidates.

Levison is currently putting together the joint venture between Virgin and TV-am for Virgin Radio, a national rock station to be launched shortly. Chrysalis has, however, negotiated first right of refusal over any media ideas or proposals Levison may have after he joins its board.



How to become leader of the pack

Persuading small business owners to make use of written sources of information to improve their management techniques is difficult enough. Expecting them to make use of the complex work packs beloved of academics and some professional advisers is even more of a challenge.

Nevertheless, for the highly self-disciplined entrepreneur or the person following a training course, these packs can prove useful. Starting Up: A Step by Step Guide to Establishing and Running Your Own Business by etc*, a consultancy firm, provides a 40-minute video, textbook and workbook to help in the preparation of a business plan.

Users should expect to spend 100 hours but at the end will have gained an insight into planning, filled in knowledge gaps and made their mistakes on paper rather than in business, the pack promises. There are much cheaper handbooks available though they do not take readers so rigorously through the preparatory stages.

* etc, 6 Avonmouth Street, London SE1 6NX. Tel 071 378 1547, 390.

Coming clean on the environment

Small businesses are under increasing pressure to conform to quality and environmental standards which have often been devised with larger companies in mind.

Barclays Bank and Sandwell Training and Enterprise Council have combined to help five small- and medium-sized companies based in the West Midlands qualify for BS7750, a new British Standard which sets a framework for the development of good environmental practices.

Companies have been chosen from "dirty" industries, including steel-making, chemicals and paint. A further 300 companies are taking part in a BS7750 assessment of BS7750. They have been split into 35 working groups covering industry sectors such as fishing, construction, wood products and hotels and restaurants.

Contact Marka Clayton, Barclays Bank. Tel 0208 534051.

Two years after buying control of Orthofix, an Italian manufacturer of devices for treating fractures, Edgar Wallner began making plans for a public flotation. He said it was the Italian stock market as being too small and London because he felt it had a prejudiced view of Italian companies.

Acting on the advice of one of the venture capitalists who had backed him, Wallner, an Englishman, decided to list his company on Nasdaq, the US electronic market.

Orthofix went public last April listing 1m of its 10m shares at \$12 a share. "London investors would not have paid 21 times earnings for an Italian company," says Wallner. Orthofix, with projected 1992 sales of \$27m (£17.7m) now has funds available to make acquisitions.

Wallner's decision to go for a US listing highlights a problem facing growing businesses throughout Europe. The revelation last month that the London Stock Exchange was thinking of closing the Unlisted Securities Market reflects a wider malaise affecting secondary stock markets throughout Europe.

According to one estimate 17,000 companies in Europe have received equity funding over the past decade. Most will not be suitable for a public listing but the management of these businesses, and the venture funds which have backed them, will all be looking for a way to realise their investment. Flourishing stock markets are essential for putting a price on these businesses and allowing them to raise new capital.

The secondary markets launched in Brussels, Paris, Amsterdam and several other European centres in the 1980s have been struggling to maintain, and in some cases even establish, viable trading volumes.

London scrapped its Third Market in 1987, is likely to shut down the USM and is incapable of creating liquidity for many of the 1,500 companies (out of a total of 2,100 on the main exchange) with a market value of less than \$50m.

"Unless a young company can have access to the public market at an earlier stage than is now possible there will be a brake put upon enterprise," comments Ronald Cohen, chairman of Apex Partners, a venture capital company.

One reason for the decline of Europe's secondary markets was that they failed to reach a critical mass and so were unable to provide profits for the promoters, stockbrokers and market makers, says Dick Onians, managing partner of Baring Venture Partners.

This lack of expertise meant they attracted ephemeral businesses selected because they could be easily understood by the investors, he told a conference on "Realising

Small firms should not rule out a public flotation of stock despite the difficulties, says Charles Batchelor

Enterprise looks for a way out



Making no bones about the problems of a public flotation: Edgar Wallner

Enterprise Value" organised by the European Foundation for Entrepreneurship Research in London.

The high-tech businesses which have sought an early market listing in the US have not been a feature of the European secondary markets.

Indiviers, a Dutch-based company providing services to turbine manufacturers, airlines and the semi-conductor industry is illustrative of companies which decided against a European flotation. It twice looked at a listing in Amsterdam in the 1980s but rejected it because knowledge of its industry on the Dutch market was low.

Bert Twaalfhoven, founder of

Indiviers, calculates that Amsterdam would have valued his company on a price earnings ratio of six while Singapore and London would have rated the company on p/e's of 25 and 10 respectively. Finally Twaalfhoven decided to keep his company private.

Keeping the company in the family is attractive to many entrepreneurs but it can act as a brake on growth. And unless the venture capitalists who back fast-growing companies can find profitable "exits" they will have difficulty raising further money from their investors to back the next generation of new businesses.

The most common alternative to a stock market listing is a trade sale where a business sells out to another company. Howard Rose, founder of Runcorn-based Waverley Pharmaceutical, sold his company to Ivax Corporation of the US for \$50m earlier this year. Rose, who built his business with the backing of a wealthy "business angel," says he rejected a London listing because the USM was "a waste of space."

There is a widespread feeling among venture capitalists and entrepreneurs that many European exchanges make it too difficult for the young company to obtain a listing. "The stock exchange seems to see its role as protecting investors against business risk and not just against fraud," comments Cohen.

Entrepreneurs have mixed feelings about the attractions of a flotation, according to a study of nearly 300 European venture-backed businesses by William Bygrave, professor of enterprise studies at Babson College in the US.

Business owners were attracted to the idea of a listing by the prestige of running a public company and the relative ease of subsequently raising finance. But they were concerned at the cost and worried that sponsors and investors would lose interest after the float, leading to a fall in the share price.

The most successful market at attracting fast-growing businesses has been Nasdaq, which trades 181 foreign stocks out of 4,400 listed on its two main markets. On average

How the markets stack up

European secondary markets

Activities 1980-1992

Secondary Over-The-Counter

YES NO

Belgium YES YES

France YES YES

Germany YES 1993

Netherlands YES NO

Ireland YES NO

Italy YES NO

Spain YES NO

Sweden NO YES

UK Phasing out Closed

Source: Baring Venture Partners

Value of shares traded in US

\$2,255bn

2%

Amex

31%

Nasdaq

15%

5%

NYSE

1981

1991

Source: Nasdaq

Nasdaq stocks are dealt in by 12 market makers while 98 per cent of the top 2,200 companies are the subject of regular analysts' reports.

European companies are already using Nasdaq to obtain a listing and it has tried to establish links with European exchanges. "But we have not found a local partner who did not see us as a threat," says John Wall, executive vice president.

Modern technology makes it irrelevant where an electronic market is based but European companies would welcome a market which attracted European investors, if only to cut the amount of time spent travelling. Wallner says he has made three trips to the US since April and given 110 presentations about Orthofix to US investors.

One suggestion from Baring Venture Partners is for a Europe-wide exchange, to be owned and operated by the European venture capital industry. The exchange would be self-regulating and would recommend valuations, provide a quotation service and complete transactions, says Onians.

However, investors and entrepreneurs might have their reservations about a market run by venture capitalists, whose own valuation procedures have come in for criticism. But some new mechanism for floating young companies is needed. "We have to put on pressure to re-establish a market," says Cohen. "In three to four years everyone will be wanting small company stocks."

Inventor pieces together the elements of a public offer

John Mott, a successful British inventor of carbon fibre sports equipment and the device which lights up high-tech training shoes, plans to take on Lego in the marketplace for modular construction toys.

To finance his ambitions he hopes to raise £500,000 - £490,000 after costs - from investors.

Unusually for a business at such an early stage in its development - it only registered as a public limited company in July - Mottik International Group is attempting to raise money by a public offer for sale.

It is even seeking to be listed under the London Stock Exchange's Rule 535, which permits trading on a matched bargain basis.

Mottik approached venture capitalists to raise the money but says they decided against backing the proposal because it was too risky and involved too small an amount

of finance.

John Hallworth, a partner in Birmingham stockbrokers Griffiths and Lamb which is sponsoring the issue, says this is the first time he has tried to obtain Rule 535 status for so young a company.

The issue of 40 per cent of Mottik's shares will go ahead even if the stock exchange refuses approval but Rule 535 status would give the company a higher profile and allow investors to buy and sell

their shares more easily.

Hallworth is critical of the lack of openings for new businesses in the UK.

"Everyone would back the inventions they see on the Tomorrow's World television programme if they could," he says.

"But the stock exchange rules prevent companies listing without a three-year record. Investors cannot get in on the period of really rapid growth."

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Ernst & Young Vnesheconsult

Provides services for foreign companies seeking to set up business structures in Russia (branches, subsidiaries). Services include:

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BUSINESS AND THE LAW

Year of trials and many errors

The UK's Serious Fraud Office (SFO) would, like the Queen, sooner forget 1992.

The year started badly. At the end of January Mr Justice McKinnon, the trial judge in the year-long Blue Arrow fraud trial, ordered the jury to acquit the three corporate defendants, County NatWest, NatWest Investment Bank and UBS Phillips & Drew Securities. The defendants were accused of conspiring to mislead the markets over the employment agency's ultimately unsuccessful 1987 rights issue. But the judge said there was insufficient evidence for the cases against the three to proceed any further.

In February, the SFO dropped charges against two men - Mr David Mayhew, a partner of stockbroker Cazenove & Co and Mr Roger Seelig, former corporate finance director at Morgan Grenfell - which would have formed the basis of a third Guinness trial.

The trial, arising out of the £2.7bn Guinness takeover of Distillers in 1986, had been expected to start in the autumn. Charges against Mr Mayhew and Mr Seelig, who at the time was already standing trial in the second Guinness prosecution, were dismissed at a brief hearing. Mrs Barbara Mills, the then SFO director, said there was no longer a realistic prospect of conviction.

Within a week the second Guinness trial had also collapsed. Mr Justice Henry, the trial judge, discharged the jury five months into the case because the mental strain on Mr Seelig, who was representing himself, had reached a point where it was "no longer possible for him to conduct his defence adequately".

Three days after the collapse of Guinness two, the jury in the Blue Arrow case convicted four of the remaining defendants, acquitting a fifth. After a trial lasting a year and four days and estimated to have cost £35m, six of the original 10 defendants had been found not guilty.

Sandwiched in between the decision to drop charges in Guinness three and the collapse of Guinness two, the SFO had, after a seven-month trial, secured the conviction of Mr Peter Clowes on 18 counts of theft and fraud. Clowes's conviction came three and a half years after the £150m collapse of his investment company, Barlow Clowes.

Within the space of seven days in February the SFO and the whole fight against so-called "white collar" crime had come within a hair's breadth of disaster (a fact underscored when the convictions of the four Blue Arrow defendants were

The UK's Serious Fraud Office had a poor 1992. Next year is unlikely to prove any better, writes Robert Rice



Cazenove's David Mayhew, Barbara Mills, ex-director of the SFO, and Roger Seelig

overturned by the Appeal Court in July. Subsequent Blue Arrow prosecutions were also abandoned.)

In fairness, not all the blame for the collapse of these cases should be attached to the SFO. In the Blue Arrow case, some of the blame for the inordinate length of the trial was because of the easy-going style of Mr Justice McKinnon, the trial judge. In Guinness two, Mr Seelig's conduct of his own defence inevitably prolonged the trial.

The collapse of these cases provoked a public uproar. MPs demanded an explanation for the apparent waste of so much taxpayer's money.

Mr Justice Henry called for a radical solution to the problems of long fraud trials. "It seems to me inevitable that we must find a cheaper and quicker way to deal with serious fraud trials and the likelihood is we shall need a radical solution rather than merely tinkering with procedures," he said.

Mr Justice Phillips, thanking the jury at the end of the Barlow Clowes trial, said: "Until recent times, no-one could have imagined that our legal system could place such a burden on anyone's time." Lord Roskill, the former law lord

who chaired the 1983-1986 inquiry into fraud trials, echoed these views. He said the government had been wrong to ignore his earlier advice that complex and lengthy fraud cases were unsuitable for jury trial.

"I'm impatient about non-jury trials for complex frauds. This view was right in 1986 and nothing has happened to change my mind," he said.

In the wake of the public outcry, the government promised an immediate review. Sir Patrick Mayhew, the then attorney general, talked of adopting a simple all-embracing

fraud offence similar to that used in Scotland as a means of reducing the number of indictments and focusing on the issues at trial.

However, as the year wore on little more was heard of this idea. The government seemed content to leave the big issues - such as whether complex fraud should be tried by jury or by special fraud tribunals, should there be a simple all-embracing fraud offence and whether certain market offences should be decriminalised - to the Royal Commission on Criminal Justice, which was appointed after the release of the Birmingham Six in March 1991 to inquire into miscarriages of justice.

The government promised a consultation paper on changes in the practice and procedure of fraud trials; in the meantime it was left to the judges and other lawyers to carry the torch for reform.

Mr Justice Henry, in various speeches, called for a time limit of four months for fraud trials save in exceptional circumstances; for the trial judge to open proceedings by giving an impartial summary of both the prosecution and defence cases; earlier disclosure of the defence case to allow the issues for trial to be narrowed down; and tougher powers for judges to impose sanctions on both prosecution and defence for non-co-operation in pre-trial hearings.

Mrs Mills, who by April had been appointed director of public prosecutions, supported Mr Justice Henry's proposals and called for a simple all-embracing fraud offence and formal plea-bargaining so as to recover more of the proceeds of fraud. These suggestions were supported by Mr George Staple, her successor at the SFO.

The government consultation paper, which was eventually published earlier this month, contained few ideas which had not already been well-canvassed other than heavy fines for defendants and their barristers for failure to disclose their defence in detail at an early stage.

With the Royal Commission on Criminal Justice not due to report until July, prospects for concrete reforms in 1993 look slim. This is bad news for those involved in the more than 24 serious fraud prosecutions awaiting trial or making their way through the courts.

As Mr Justice Henry says: "Without legislative changes, I do not believe that things will get better, in fact I am certain that they will get worse."

Business and the Law will next be published on January 12.

John Mason

Guinness finale in new year

The important cases due to start next year include:

The final Guinness trial starting on January 11. Mr Thomas Ward, a US attorney and former non-executive director of Guinness, faces theft and false accounting charges relating to the 1986 takeover of Distillers.

Mr Anthony Dobson, Mr Michael Robinson and Mr Keith Woodward, directors of Homes Assured, will stand trial in January accused of defrauding company creditors.

Mr Asif Nadir, former chairman of Polly Peck International, goes on trial at the Old Bailey on March 8, charged with 16 counts of theft and false accounting. Mr John Turner, the company's group accountant, also faces charges of false account-

ing. The trial is expected to last six months.

Mr Frank Shannon, former finance director of Nissan UK, and Mr Michael Hunt, the company's assistant managing director, will stand trial in March on corporation tax fraud charges.

Mr Roger Levitt, head of the Levitt group, whose trial on fraud charges is expected to start on September 14. Three other former Levitt executives also stand trial.

Cases before the courts for which no trial dates have yet been fixed include:

● The Maxwell trial. Mr Kevin Maxwell and Mr Larry Trachtenberg, are accused of conspiracy to defraud and theft in connection with the collapse of Mr Robert

Maxwell's business empire. Mr Ian Maxwell and Mr Robert Bunn are accused of conspiracy to defraud. The case is still before magistrates and is not expected to start before early 1994.

● Mr Nazmadin Virani, head of Control Securities, charged with conspiracy in connection with the investigation into the collapsed Bank of Credit and Commerce International. Two former officials of the bank also face charges.

● Mr Terry Ramsden, former chairman of Glen International, collapsed in 1987 with losses of £142m, is awaiting trial on 22 charges, including fraudulent trading.

Five years of Sunday trading



EUROPEAN LAW

Last week, five years after it was first asked to rule on the compatibility of UK Sunday trading laws with European Community law, the European Court of Justice finally gave an unequivocal ruling. The Rome Treaty's prohibition of national legislation restricting the free movement of goods between Community countries does not apply to the 1950 Shops Act which bans retailers in England and Wales (though not in Scotland) from Sunday opening.

History

In the mid-1980s retailers in England and Wales began opening on Sundays, arguing that the ban on Sunday trading in the 1950 Shops Act reduced imports from other EC countries and thus infringed Article 30 of the Rome Treaty.

In the 1989 Torfaen case the ECJ ruled that Article 30 "does not apply to national rules prohibiting retailers from opening their premises on Sunday where the restrictive effects on EC trade which may result therefrom do not exceed the effects intrinsic to rules of that kind".

That ruling left it to the national courts to determine as a question of fact whether the effects of those rules actually exceeded such intrinsic effects (a proportionality test). Following that judgment, however, different UK courts reached different conclusions on how to apply these principles to the Shops Act.

In 1991 the ECJ held, without any qualification, that Article 30 did not apply to national rules prohibiting the employment of staff on Sundays (Conforama case) or on Sundays after 12pm (Marchandise case), as the restrictive effects of such rules "did not appear to be excessive in relation to the aim pursued".

Three English courts referred further questions to the ECJ seeking further guidance on how to reconcile and apply the three rulings.

Clarification

The ECJ has now clarified the position by extending its rulings in the two 1991 cases to all national legislation prohibiting retailers from Sunday opening and by answering itself the question which in the Torfaen case it had left to the UK courts to decide.

The first two parts of the Court's

reasoning followed its earlier rulings. First, Sunday trading rules were "measures of equivalent effect to quantitative restrictions" that could be caught by Article 30. While legislation enforcing Sunday closing was not intended to regulate the flow of goods, it may still have an adverse effect on the sales volume of certain shops which affect the sale of both domestic and imported products. But the Court said the marketing of imported products was not made more difficult than the marketing of domestic goods.

Second, the Court confirmed that national rules restricting the opening of shops on Sundays pursue an aim justified under EC law if they reflect "certain choices relating to particular national or regional socio-cultural characteristics".

However, EC states must make those choices in compliance with EC law and, in particular, the principle of proportionality. Provided therefore the restrictive effects of EC trade did not exceed the effects intrinsic to such rules, the prohibition in Article 30 would not apply.

The Court stressed that assessments as to proportionality "cannot be allowed to vary according to the findings of fact made by individual courts in particular cases". Appraising the proportionality of national rules which pursue a legitimate aim under EC law involved "weighing the national interest in attaining that aim against the Community interest in ensuring the free movement of goods". To verify that the restrictive effects do not exceed what is necessary to achieve that aim, it must be considered whether those effects are direct, indirect or purely speculative and whether those effects do not impede the marketing of imported products more than domestic products.

In the Conforama and Marchandise cases the Court had applied those considerations in holding that the restrictive effects on trade of national rules prohibiting the employment of workers on Sundays in certain retailing activities were not excessive in relation to the aim pursued. It followed, the Court said, that the same finding must be made with regard to national rules prohibiting Sunday opening.

Cases C-306/88, *Rochdale Borough Council v Anders*; C-304/90 *Reading Borough Council v Payless DIY and others*; C-169/91, *Stoke-on-Trent and Norwich City Councils v B & Q*, ECJ EC, December 16, 1992.

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Kathleen Kuhlmann, Yvonne Kenny and Stafford Dean in Covent Garden's new production

Opera/Max Loppert

'Alcina' without the magic

Handel based three of his Italian operas on Ariosto's *Orlando Furioso* — *Orlando*, *Ariodante* and *Alcina*. For many Handelians they form the pinnacle of his operatic art. All three are works of intense erotic charge whose principals are lashed by tides and cross currents of sensual intrigue and emotional conflict; and all three are works in which the apparatus of magic and the supernatural directly carries that charge.

For all the supposed difficulties and antique formalities of the opera seria convention in which they are framed, all three can speak to us with as much directness and "modernity" as Mozart's *Figaro* or *Cost* about the emotional frailties of human nature, the deceptions that people in love or lust can exact upon each other, the heights of ecstasy and depths of despair to which passion can lead. And all three operas are works of almost

overwhelming musical abundance. For me *Alcina* is the supreme Handel masterpiece, the Desert Island Handel opera. The prospect of a new Covent Garden production — the first since Zeffirelli mounted the opera for Sutherland in 1963 — was therefore almost as enticing as the verdant meadows and bosky woods of Alcina's magic terrain and the enchantments she practises on her captive knights.

How, then, to convey temperately my disappointment at the dullness of Friday's opening performance? It was not a disaster, not one of those enraging "interventionist" misrepresentations by producer or designer. The principals parts were not inadequately taken:

the cast contains several of the day's prominent Handelians. The score was more fully and respectfully given than is often the case (although it is a pity that the boy Oberon should have been excised).

What it was, a lot of the time, was just plain, plumb boring: a musical plot, and a dramatic reduction of the spectacle — which should include dance sequences as well as elaborate scene changes — to virtually a concert in costume.

Handelians are a hardy breed. They know that the great operas, performed with rhythmic vivacity, alertness to textual colour and pointedness of melodic shaping, can "come across" in defiance of any number of infelicities in the staging. But equally, they

know that such irredeemably flabby musical direction as John Fisher offered on Friday — letting the life ebb out of moderate-paced arias, giving no "lift" to the allegros — is almost always the *coup de grace* to any hope of Handel opera-as-drama.

In a country where good Handel conductors abound, it is astonishing that someone so manifestly incapable of conveying the musical delights of *Alcina* should have been invited to conduct it at Covent Garden. The choice of production team — producer Stephen Wadsworth and designers Thomas F. Lynch and Dunya Ramkova — proves hardly more successful. There is a poverty-ridden show, to the eye but even more to the imagination.

On a basic set — a hedge, a desiccated-looking tree, an urn, a blue sky at the back — the principals go through a set of polite motions. Occasionally the lighting changes; occasionally fancy little conceits of aria-production are essayed. Most of the time the design construction keeps the singers behind the proscenium arch; almost everything in the show seems geared to muting forwardness of vocal address.

One's heart goes out to the singers: this is no way to help them shine. Ann Murray, currently Britain's leading female exponent of the great Handel castrato roles, comes nearest to doing so. Even if sometimes her mezzo timbre seems to lack a strong "personal" stamp, the

unflustered elegance and unforced distinction of her musical command compensate greatly. Her Alcina is Yvonne Kenny (the two were previously partners in the Covent Garden *Mitridate* and *ENO Xerxes*). The failure of this wonderfully graceful soprano to sound the role's depths, to catch its glitter no less than its pathos, is the production's doing; in spite of this she offers much lovely singing.

Other fine performers who do themselves less than proper justice are Judith Howarth (an excessively pert Morgana), Anthony Rolfe Johnson (almost too weightily distinguished for the second-string role of Oronte) and Stafford Dean (Melisso); Kathleen Kuhlmann's Bradamante is on the right lines, and in fresh voice. So once again in modern times the Royal Opera has failed to honour fully its Handelian bright.

Stewart has a facility for portraying women, in voice and

American theatre/Paula Deitz

A Christmas Carol

At his public readings in America, during his Christmas tour of 1867, Charles Dickens read *Christmas Carol* to sell-out audiences (Longfellow heard him in Boston). By then Dickens was using the story as a sentimental warm-up for grimmer excerpts that followed. Knowing this makes all the more commendable a remarkable presentation on Broadway by the British actor Patrick Stewart, who is packing the house not with a reading but a performance of *Christmas Carol*.

A veteran of the Royal Shakespeare Company, Stewart has become an American pop hero as the starship captain (played like a Shakespearean king) in television's *Star Trek: The Next Generation*. But when he enters he is simply dressed in a nondescript brown suit, making no attempt to be like Dickens or even of the period.

He snatches up the red-bound volume like a storyteller's trophy and begins with "Marley was dead" standing at a lectern. The only other props, all painted brown, are a high desk and stool, a Windsor chair and a table that also serves as a four-poster bed. No sooner has the listener's imagination soared to fogbound City court-yards than, in a flash, the actor is across the stage to Scrooge's counting-house.

This is when the magic begins. In a series of apparitions as life-like as Scrooge's Spirits, Stewart proceeds to portray, in voice and manner, all 40 characters in a sort of one-man *Nicholas Nickleby*. There is nothing easy in Scrooge's gradual transformation from "Bah! Humbug!" to a man frightened to the core by recognition of himself. Nor are there any minor characters, for each in turn gives weight to the whole.

Stewart has a facility for portraying women, in voice and

gesture — the bustle of Mrs Cratchit at dinner or the capacious Mrs Fezziwig and her three daughters entering the ball. This event, a *tour de force* of whirling hands over hands and steps in stately formations, creates the dizzy effect of 20 couples.

With no sets, lighting designer, Fred Allen, expands and contracts space. By giving a sense of architecture to an empty stage, he uses light to convey cold city streets or country lanes and in an instant returns us the action to Scrooge's cramped upstairs bedroom. The Ghost of Christmas Present arrives offstage with a warm glow of blazing freight first emanating from the adjoining room and then filling the stage as Scrooge appears to enter it. The image of this Spirit seated atop the table, torch held on high, indicates some indebtedness to the first-edition illustrations by John Leech. (This illustration along with Dickens' original 1843 manuscript of *Christmas Carol* are on view until January 10 at the Pierpont Morgan Library.)

It is hard to convince an audience when everyone knows what is coming, but at this reading an sigh of relief could be heard when the last Spirit dissolved into the bed-post.

More people than Ebenezer Scrooge are being transformed by this Christmas experience. Stewart returns to the lectern briefly to conclude the tale, before stepping away again to rear stage to return slowly towards the audience, himself again, arms opened generously in a balletic gesture with a simple "And so, as Tiny Tim observed, God bless Us, Every One!" Instant standing ovation.

At the Broadhurst Theatre, New York until January 3

'Orfeo' lacks drama

Much of the background to the composition and first performances of Monteverdi's three surviving operatic masterpieces remains obscure almost four centuries later. The first of them, *L'Orfeo*, at least has the validation of a printed score, which appeared in Mantua in 1608, two years after the first performance, but even that definitive text leaves plenty of room for conjecture and dispute, and for interpretive solutions.

The latest to offer his own performing version is Philip Pickett, whose recording with the New London Consort has been released by L'Oiseau-Lyre (433 545-2, two CDs), on Friday in the Queen Elizabeth Hall he directed a concert performance with the same cast.

In the booklet accompanying his recording and the programme notes for the concert Pickett details the results of his research into the circumstances of the premiere of *L'Orfeo*. The musical content of the opera may not be disputed, but it is the forces involved and the instrumentation that intrigue him most, and his conclusions give a distinctive tang to the performance.

His solutions are generally minimalist ones: the chorus is reduced to a group of seven members of the cast; there is as little instrumental doubling of the vocal lines as possible,

and just one instrument to a part in the continuo and string bands.

What is absent in this lean, potentially flexible approach is any consideration of the dramatic aspects of the work and how this intimate group of performers would have been deployed theatrically. In a work in which drama and music are so miraculously interwoven it seems a strange omission. Even on disc, the playing and singing seem inert and precious. In concert the lack of dramatic spark was even more significant.

Something inescapably English coloured the whole performance, not just in the irredeemably un-Italianate rendering of the text (for an object lesson in bringing Monteverdi's words to life, hear the new recording of *Ulysses* from René Jacobs) but in the sound world itself. Even such a fine singer as John Mark Ainsley seemed curiously inert as Orfeo, although Julia Gooding's Euridice and especially Tessa Bonner's Minerva revealed more character. The assorted chorists seemed to have been recruited straight out of King's College Chapel Choir. The passion that drives Monteverdi's vocal lines, that makes his operas the supreme achievements they are, had been drained away.

Andrew Clements

Concerts/David Murray

Salonen and the Philharmonia

Last Wednesday young Esa-Pekka Salonen, one of the Philharmonia's two "principal guest conductors", took the orchestra through Beethoven, Schoenberg and Stravinsky, and on Friday, Liszt and Mahler. Hearing these exercises was a stark confirmation that there really are, these days, honest musicians who have only the dimmest inklings about any music that might pre-date the Great War.

In Schoenberg's op. 42 piano concerto and in the Liszt *A major*, the soloist was Emanuel Ax, who knew very well what he was about. He played the Schoenberg from the printed score — which might explain a certain lack of spontaneous flair; but he unfolded the music with as much lyrical delicacy as confident purpose. It was pleasing to find that Schoenberg's language no longer causes any detectable dismay: the audience responded to the concerto, quite rightly, as if it were Rakhmaninov or Prokofiev.

Salonen provided ready, lucid support, as he did as well for the pianist's elegant Liszt on Friday, but always with a flatter expressive profile than his soloist's — who was thereby flattered, standing out as the judiciously eloquent voice. It was left to Ax, nevertheless,

to explore both the shadows and the poignant possibilities of both scores, which he did with loyal imagination.

Everything else was worse. Left to himself with Beethoven's Seventh Symphony, Salonen rendered it almost ridiculous. The long, bated-breath introduction to the opening Vivace was taken up-tempo (to put it mildly), like the famous Allegretto after it, and yet neither meant anything much. Although there are good musico-historical arguments for rejecting "time-honoured" portentousness in this music, there is no excuse for cantering heedlessly through it.

Salonen maintained a strict, nuance-free beat that took not the slightest account of old-fashioned harmonic nodes, nor of the dramatic tensions which radiate from them. The trio of the Scherzo arrived without any change of dramatic colour, and every movement culminated in an anticlimax that sounded mechanical, propelled by no new musical insight. None of the instrumental voices could do much more than keep up with the rush (the Philharmonia players were visibly glum and recalcitrant). It was like hearing an efficient Martian visitor delivering a score

that meant nothing to him.

Stravinsky ought to fall safely within Salonen's range, but the *Orpheus* ballet is particularly tricky to bring off. It needs at once to pay audible homage to its 18th-century models, and to preserve an astringent 20th-century tautness; he sounded flaccid, uncommitted and underheated. After those disheartening Wednesday performances, one heard Mahler's Third Symphony on Friday with a jaundiced ear. Yes, the brazen orchestral declamations rang out — but where were the raw, seismic upheavals in the first movement, the twinkling graces of the Menuetto, the comedy of the Scherzo?

With the arrival of Anne Sofie von Otter's golden mezzo the dark "Molto adagio" after Nietzsche and the boys' choir-and-bells Allegro came into much sharper perspective. At the end, the Philharmonia strings distinguished themselves in the heart-wrenching Adagio. Mahler's daringly stretched symphony relies nevertheless upon its initial, hugely dramatic premises. With those reduced to such two-dimensional tameness, it was no wonder that the whole symphony seemed too episodic to cut any serious ice with a modern audience.

German theatre/Jackie Wullschlager

Robert Wilson's 'Faustus'

Robert Wilson, director, writer, painter, was the Texan little boy lost who turned European theatre upside down in the 1970s. Now, star entertainer of Paris, Berlin, Hamburg, his latest revivals are the controversialist draws of this year's Paris Autumn Arts Festival.

His newest piece, *Dr Faustus Lights the Lights*, has all the ingredients needed to keep Wilson fans cheering: cold artifice; the play of light and dark; perfectly timed automatic movements; minimalist music; semi-sensuous text. But the aesthetic is so close to that of Wilson's early work, notably the 1976 *Einstein on the Beach*, that this *Faustus* looks like a parody, or an anachronism from Wilson's avant-garde days. Has Wilson developed at all in two decades?

Faustus was written as a libretto by Gertrude Stein in 1938 but never composed by anyone. Its story — Faustus sells his soul for electric light — has a natural appeal for Wilson, who sets it as a ballet of light bulbs and fluorescent strips interspersed with dances from Devil. A red one sways on a swing, a black one spurts up on a seesaw. Both are familiar Wilson types, with the pointed bodies, ashen faces and white hands of the *Cabaret*-inspired *Devil/emcee* from his last

show, *The Black Rider*.

Here too is the ice-hard, jagged imagery: close-cropped heads, razor-sharp dresses, body bodies, a gigantic pair of scissors, each snip marked by shattering glass. Dancing is sickly, slink, slink, slink. A leg juts out, three identical heads pop up like gargoyles, behind the curtain. Against black sky, light forms into circles. A puppet is shot marching along a neon sign. Bulbs rise and descend like yo-yos. At last, a single strip of light shrinks further into the distance. Stage and cast are swallowed in blackness.

Dramatic, technically clever, but not enough. Wilson carries his chill, exaggerated aesthetic into actions and words, trying to tie his staging to the dire absurdity of Stein's text, written in relentless monosyllables. He enhances the monotony by using German actors who speak no English, who chant the lines flatly. Movements, jerky, automatic and stylised, echo speech. A cast of three Fausts and three Margaretes, acting in absolute unison as if worked by a puppeteer, underlines the absurdist repetition.

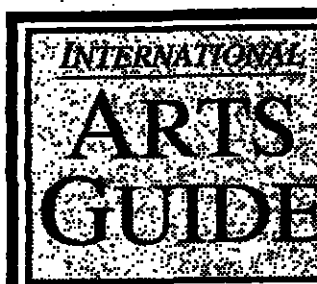
Stein's post-modern joke about the meaningless of words is impossible as "spoken opera" — dull as a boring play

about boredom. Like all Wilson's work, this show is a perfectly unified, choreographed vision. But the vacuous play makes devices that once charmed look empty, worn out.

There are glimpses of the heart that is missing: Faust's poodle is played by a cabaret girl with a blond pigtail and grey suit who waddles on "hind" legs. She no longer bays at the moon because Faust has destroyed moonlight, so she pouts "thank you" endlessly between red painted lips. Hans Peter Kuhn's fairground music, on accordion and scratchy double bass, hints at the love, lyricism, painful loss which elude the strait-jacketed performers.

Wilson is still sadly obscure in England. Do not cross Europe for this *Faustus*, but it is a collector's piece and another episode in Wilson's tortuous relationship with German theatre. The 1990 love-and-murder musical hit *The Black Rider*, still in repertory in Hamburg, was the summit of that achievement. Here is nothing but artifice, no emotion, no meaning. Wilson, like Faust, has lost his soul.

Paris Autumn Arts Festival continues to Dec 29. "Dr Faustus Lights the Lights", Hebbel Theater, Berlin, Jan 18-24; Comedie, Geneva, Feb 2-5.



AMSTERDAM

Concertgebouw Tomorrow: Handel's Messiah. Thurs morning Fri afternoon: Riccardo Chailly conducts Royal Concertgebouw Orchestra in Mahler's Das klagende Lied, with Charlotte Margiono, Lidwiga Rappe and Hans Peter Blochwitz. Sat: Bernard Haitink conducts Rotterdam Philharmonic Orchestra in Mahler's Seventh Symphony (6718 345). Sun: afternoon at Beurs van Berlage: Daniel Wayenberg plays piano works by Schumann and Chopin (6270 466).

DANCE/OPERA

Muziektheater Tonight: Dutch National Ballet Stravinsky triple bill, including choreographies by Balanchine and Nijinska (repeated tomorrow afternoon). Thurs evening, Fri and Sun afternoons, also next Mon and Wed evenings. Tomorrow evening, Sat afternoon, next Tues evening: Hartmut Haenchen conducts Pierre Audi's staging of La bohème, with Hei-Kyung Hong

and Martin Thompson. Kriazina de Chatelet Dance Group gives performances Jan 2, 4, 5, 6. The next Netherlands Opera production is Birnstiel's PUNCH and JUDY, opening Jan 9 (6255 455).

BRUSSELS

Palais des Beaux Arts 20.00 Viktor Liberman directs Belgian National Orchestra in a Mozart programme. Dec 31: Ronald Zollman conducts world premiere of new work by Jacob Druckman, plus Beethoven's Ninth Symphony (507 8200). Monnaie 19.00 Die Zauberflöte with a cast including Elzbieta Szmytka and Laurence Dale. Repeated on Fri and Sun afternoons and next Tues evening (219 6341). Théâtre National 20.15 Ravel's L'enfant et les sortilèges, production by Patrice Chaurier and Moshe Leiser originally staged for Opéra de Lyon. Repeated tomorrow, Sat, next Tues, Wed, Thurs (217 0303).

MUNICH

Prinzregententheater 20.00 Fabio Luisi conducts a Rossini concert featuring members of the Bavarian State Opera as soloists. Tomorrow, Sat, Sun and next Tues: Hansel and Gretel. Fri and Mon: Carmen. Dec 28 and 30 in: Cuvillies-Theater: Stravinsky's Soldier's Tale with Martha Modl (221316). Gastspiel 20.00 Bach Collegium

and Martin Thompson. Kriazina de Chatelet Dance Group gives performances Jan 2, 4, 5, 6. The next Netherlands Opera production is Birnstiel's PUNCH and JUDY, opening Jan 9 (6255 455).

PARIS

Opéra 20.00 Die Zauberflöte with a cast including Elzbieta Szmytka and Laurence Dale. Repeated on Fri and Sun afternoons and next Tues evening (219 6341). Théâtre National 20.15 Ravel's L'enfant et les sortilèges, production by Patrice Chaurier and Moshe Leiser originally staged for Opéra de Lyon. Repeated tomorrow, Sat, next Tues, Wed, Thurs (217 0303). Tomorrow, Sat, Sun and next Tues (4742 5371). The company also presents the Bourmeister production of Swan Lake at the Bastille tonight, Thurs, next Mon and Thurs (4473 1300). Daily till Dec 31 at Théâtre de la Ville: Jean-Claude Gallota and Groupe Emile Dubois (4274 2277). Dec 27-31 at Théâtre des

Champs-Élysées: Dance Theater of Harlem (4720 3637).

MUSIC

Tomorrow at Salle Pleyel: Marek Janowski conducts concert performance of Hansel and Gretel, with a cast including Julie Kaufmann, Helga Dernesch, Nadine Secunde and Francois Le Roux (4230 2308). Tomorrow, Sat and next Tues at Opéra Bastille: Sylvain Cambreling conducts Peter Sellars' production of Messiaen's Saint Francis d'Assise, with José van Dam (4001 1618). Tomorrow, Thurs, Fri at Théâtre des Champs-Élysées: Boys Choir and Orchestra of Harlem (4720 3637). The Châtelet has Hello Dolly! daily till Jan 9, with matinee and evening performances on Sat and Sun (4028 2840). Opéra Comique has Louis Varney's Les Mousquetaires au couvent, starring Gabriel Bacquier, daily except Mon and Thurs till Dec 31 (4288 8883). Peter Brook's Debussy adaptation, Impressions de Pélée, resumes performances at Théâtre des Bouffes du Nord next Tues, thereafter runs daily except Sun and Mon till Jan 23 (4807 3450). JAZZ/CABARET. Jazz Club Lionel Hampton French jazz musician Stefan Patry and his swing septet are in residence till Sun (closed on Thurs and Fri). Dec 28-Jan 1: Lionel Hampton and his Orchestra (Hotel Meridien Paris Etoile, 81 Boulevard Gouvion St, tel. 4088 3042). ● A 24-hour recorded telephone guide to Paris entertainments

is available in English by dialling 4720 8898

WASHINGTON

THEATRE

● The Secret Garden: the Broadway hit musical based on Frances Hodgson Burnett's enchanting novel. Opens tonight, daily except Mon till Jan 31. No performances on Dec 24, Jan 1 and 20 (Kennedy Center Opera House, 202-467 4600). ● Jesus Christ Superstar: The Andrew Lloyd Webber/Tim Rice rock musical. Till Jan 10 (Morris Mechanic Theater, 410-625 1400). ● Hamlet: Tom Hulce heads the cast in Shakespeare's play. Till Jan 10 (Shakespeare Theater at the Lansburgh, 202-393 2700). ● A Christmas Carol: a stage adaptation of Dickens' classic tale. Till Jan 3 (Ford's Theater, 202-347 4833). ● The African Company: Caryl Phillips' play about a group of 19th century African American actors who put on their own version of Richard III in New York. In repertory with Blood Knot, Athol Fugard's first major success. Till March 25 (Arena Stage, 202-468 4377). MUSIC/DANCE. ● Washington Ballet production of The Nutcracker, directed by Mary Day, runs at Warner Theater till Dec 27 (202-432 SEAT). Jan 25-27 at Warner Theater: Twyla Tharp and Mikhail Baryshnikov (202-833 9800). ● Washington Opera's production of Don Pasquale opens on Boxing Day at Eisenhower Theater with a cast

led by Paolo Montarsolo (12 performances till Jan 30). Bizet's Pearl Fishers opens on Jan 2 (202-467 4600).

MUSIC

● Tomorrow at Kennedy Center Concert Hall: Messiah sing-along with Paul Hill Chorale and several guest conductors. Sat: Alexander Schneider conducts New York String Orchestra. Sun: Gospel concert. Dec 31: New Year's Eve concert. Jan 7, 8, 9, 11, 14, 15, 16: Protopopov conducts National Symphony Orchestra (202-467 4600). JAZZ/CABARET. Blues Alley Jazz Supperclub. Tonight: Doug Cameron, jazz violin. Tomorrow: Paul Hawkins and La Jazz present A Night in Tunisia. Dec 26-31: Ahmad Jamal, piano. Jan 1-4: Mose Allison, piano/vocals (1073 Wisconsin Ave, in the alley, 202-337 4141).

ZURICH

MUSIC

Elihu Inbal conducts Jonathan Miller's new production of Schreker's Die Gezeichneten tonight at the Opernhaus (also tonight at 1, 6, 13, 18, 31). Dec 27, 30, Jan 1, 6, 13, 18, 31. Tomorrow: Die Zauberflöte. Dec 28 and 31: Die Fledermaus (262 0809). The Tonhalle's New Year's Eve concert is conducted by Karl Martin. (206 3434). THEATRE. The Schauspielhaus during the Christmas period has Botho Strauss' Kaldewey Farce, Shakespeare's A Midsummer Night's Dream and Roger Lill's Himmel auf Erden. No performances Christmas Eve and Christmas Day (265 5858).

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CNN 1030-1100, 1800-1830 World Business This Week

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FINANCIAL TIMES

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Tuesday December 22 1992

Japan in the doldrums

AS THE tortuous Japanese budgetary process grinds into motion again this week, with the Ministry of Finance revealing its plans for the 1993 fiscal year, the same nagging doubts present themselves. Has the official machine really got the measure of the problems that afflict the economy? And can Japan adapt to the very different environment that it faces in the aftermath of the bubble economy?

While the growth forecast for the current year has finally been revised downwards from 3.5 per cent to 1.6 per cent, next year's budgetary arithmetic rests on the cheerily implausible assumption of a return to growth of 3.3 per cent. The Bank of Japan, meantime, has foolishly continued to resist calls for a further reduction in interest rates despite overwhelming evidence of increasing fragility in the banking system.

With industry potentially facing a fourth year of declining earnings and the personal sector throttled by debt, the prospect for growth is more than ever dependent on domestic budgetary stimulus or a boost from external demand. No doubt the battle over the 1992 supplementary budget, which was finally approved by the Diet on December 10th, will have to be fought all over again, with next July's G7 Tokyo summit providing an obvious pressure point.

The unsustainability of the present policy mix is underlined by a current account surplus now well ahead of the level considered intolerable at the time of the Plaza accord that preceded the Japanese bubble. With Mr Clinton en route for the White House, Japan's historic penchant for exporting its way out of recession is even more politically controversial this time.

Privatising British Rail

NOBODY EVER said railway privatisation was going to be easy, but did the government have to make it quite so hard? Five months after publishing a flimsy white paper that raised as many questions as it answered, the Department of Transport has still to provide the details necessary to convince a sceptical world that privatisation will actually work. The result has been a vacuum which opponents have been only too eager to fill.

The latest to join the chorus of disapproval is Sir Bob Reid, the chairman of British Rail, who has urged the government to adopt a more evolutionary approach to rail reform. Breaking up BR would make it harder to improve rail services in the UK, he said, and lead to the closure of branch lines. There would be problems in maintaining safety standards, and orders would dry up for UK rolling stock manufacturers. So-called network benefits such as through ticketing and the national timetable would disappear.

Before writing privatisation off, however, it is as well to consider the alternative. For under state ownership, desperately-needed investment is certain to continue to be denied by constraints on public spending, as Sir Bob himself acknowledged. At the same time management is stultified by government controls and the lack of a profit motive. More of the same is the no-hope solution.

Railway renaissance

If Britain is to see a railway renaissance - and growing demands for more and better transport suggest that it needs one - privatisation offers the best hope of providing it. The only question is what form it should take. Since a sell-off is ruled out by the fact that most of the passenger railway loses money, the government has had to find another way of introducing private sector skills and capital into the industry.

In reality, privatisation is too strong a word for what is proposed. Only the freight operations are to be sold outright. On the passenger side, the private sector is being asked to bid for franchises to operate British Rail's trains, with the contracts going to the companies requiring the lowest subsidies. The infrastructure will

be reinforced by anger over stock market losses and an oppressive burden of debt. While the government of Mr Kijichi Miyazawa is committed to enhancing housing and infrastructure, its half-hearted measures have so far failed to convince.

As people have lost patience with the low ethical standards that characterise Japanese public life, the much criticised system of one-party democracy has been forced to demonstrate a self-corrective capacity - witness the shedding of prime ministers and party bosses, when the pressure from an angry press and public has become overwhelming. The break-up of the leading faction in the ruling Liberal Democratic Party also reflects a reformist tendency among the younger politicians in the party. There have, of course, been realignments and rumours of a break-up in the LDP before. All that can be said at this stage is that the climate for change is more propitious than at many points in the past.

Perverse effects

The new assertiveness of the Japanese public may accelerate structural economic change in more perverse ways. Hostility towards the banks, after the excesses of the 1980s, has scuppered a government lifeboat for over-stretched banks. If the under-capitalised private sector lifeboat that is now being pressed into service proves less adequate for the task, economic recovery will be impeded. The longer recovery takes to emerge, the greater the pressure on industry to sacrifice hallowed employment practices, since fixed costs are too high after the investment binge of the 1980s. Increasingly, top companies are talking openly about abandoning seniority pay in favour of merit pay.

Similarly, the enforced departure of key members of the LDP's old guard could make striking a deal on rice market liberalisation much harder. A hostile US response could in these circumstances prove a catalyst for more rapid change. The longer it takes to pull out of recession, the greater the pressure for economic and political reform. The agenda looks more open for Japan than it has done for many years past.

Flexible approach

This approach is almost infinitely flexible, exactly the sort of evolutionary approach which Sir Bob commends. On the passenger side, the government may franchise one train service, half a dozen, or the lot over the next 10 years, depending on what rate of progress seems sensible. It may vary the terms of the franchises from one line to another in recognition of their different attributes. Open access, for example, may be appropriate on main trunk routes, but impractical on congested commuter lines. It may make sense to let operators of little-used branch lines rent the tracks as well as the trains rather than cripple them with track charges. And some services may need to be franchised for decades at a time if that is what it takes to persuade the private sector to invest in them.

This is not to say that privatisation will be painless. The transparency that will result from the introduction of track charges could bring home some uncomfortable truths about the real costs of the more heavily loss-making freight and passenger services. But if the result is to prompt a debate about what price society is prepared to pay to see people and goods transported by rail rather than road, it should be welcomed.

As for the rest of the objections, most stem more from fear of change than from any genuine weaknesses in the government's proposals. Separating track infrastructure from the provision of services is the way of the future in Europe: Sweden has already successfully implemented it. Germany is doing so as part of its own rail privatisation plans, and the concept lies at the heart of EC rail transport policy. Significantly, few if any of the objectors to Britain's plans have been able to suggest an alternative.

The government bungled the launch of its railway plans, but the proposed structure itself is sound. All that is needed is a clear demonstration of the government's will to make it work. It will then be up to BR's senior management to deliver or step aside.

A cross central and eastern Europe, armed forces are being remodelled or created anew. In place of a monolithic system, a new military map is in the making, fragmented, unstructured and disparate.

Since the winding-up last year of the Warsaw Pact and then the Soviet Union itself, a pattern of new regional powers and spheres of influence has begun to emerge. In its closing months, after the loss of East Germany in 1989, the Warsaw Pact had six members. In the new year, when the Czech and Slovak republics split, the six will have become 21 countries, all either possessing their own armies, or forming them, or planning to form them, with differing degrees of civilian control and varying levels of clarity about doctrines or aims.

Old grievances and suspicions are returning in a region where borders affecting large swathes of territory and ethnic groups have changed within living memory. Nationalism is resurgent. Tensions and clashes of interest are inevitable. The Stockholm International Peace Research Institute (SIPIR) counts some 30 current territorial disputes in the Caucasus region alone, arising from frontier changes in the 1920s, 1930s and 1950s.

On the fringes of the former Soviet Union, war has already struck Georgia, Moldova, Armenia, Azerbaijan and Tajikistan. The conflicts in the former Yugoslavia have revealed the inability of present European security structures and mechanisms to tackle crises of this sort.

Military authorities in central and eastern Europe all now profess democratic principles, but they are largely survivors from the old system. For 36 years their armies acted as an extension of the Soviet command, with standardised military doctrines and equipment. Today's reform-oriented general staff officers come from a background of allegiance to the party and to the dominant ally.

Reform of army structures is going on while remnants of a Soviet troop presence remain in Germany and Poland as well as various former Soviet republics, and while part of Moscow's long-range nuclear arsenal lies stranded in three republics outside Russia.

Military spending among Moscow's former allies has been dropping for several years, although according to SIPIR the process slowed down in 1991. Throughout the region cuts have begun under the Conventional Armed Forces in Europe (CFE) treaty, which demands the destruction of large numbers of heavy weapons, aircraft and helicopters. But the treaty, agreed between the Warsaw Pact and the Nato nations two years ago, was designed to balance two blocs, not to secure stability within either group of countries.

There are enormous disparities. Belarus, finding itself unexpectedly independent, currently has twice as many tanks as Britain, more big guns than France, more combat aircraft than Germany.

In Ukraine, there are reckoned to be about 700,000 troops, including forces withdrawn by Moscow from Germany, Hungary and Czechoslovakia. Under agreed manpower ceilings, these are due to be reduced to 450,000 in 1995. The official aim is a strength of 250,000 - roughly equivalent to the UK's - at the end of the decade. Most have signed oaths of allegiance to Ukraine. Experts say some 10,000 officers have refused and are due to leave. But there may be up to 200,000 Ukrainian officers currently serving in other republics and eligible to return.

Ukraine now has more tanks, armoured vehicles and combat aircraft than any other country in Europe after Russia. Even under the CFE cuts its entitlements for tanks and armoured vehicles are Europe's third largest, and for artillery and aircraft the second largest, dwarfing those of its neighbours to the west.

With seven national borders and a Black Sea coast, Ukraine holds a pivotal position in the region. The greatest source of international concern is its ambiguity over the nuclear weapons on its soil: 176 SS-19 and SS-24 intercontinental ballistic missiles and two bases with nuclear-armed Bear and Blackjack bombers. The country's leaders have promised to become non-nuclear by the end of 1994. But Ukraine has yet to ratify the Start treaty with the US on reducing strategic arsenals, as Russia and Kazakhstan have. Unlike Belarus it has refused to accept full Russian control over the weapons.

In the spring, it stalled over the transfer of short-range nuclear arms for destruction in Russia. Its aim now appears to be to win the financial assistance it failed to obtain then. The US has already offered it \$175m to help dismantle the strategic arsenal and store the materials, on condition that Kiev joins the

involving interventions, from agreements on target bands to full restoration of Bretton Woods. It could also be useful as an adjunct to the ERM.

My proposal is a realistic, second-best option. A common currency works to great advantage when sustained by common institutions: free movements of goods, people, and financial capital; laws, courts, taxes, regulations, and customs; a uniform system of social security and other entitlements; assistance to regions and individuals suffering economic reverses. But a common currency is not viable without those institutions; even in Europe it may take a decade or two.

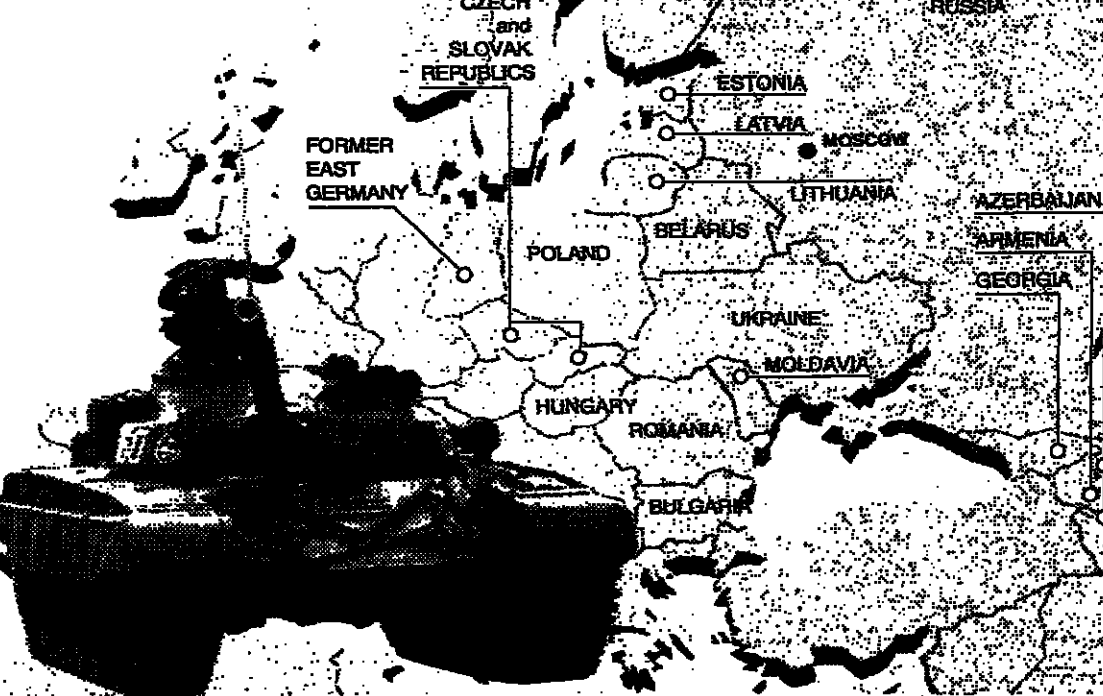
Fixed rates of exchange among national currencies, which central banks are committed to maintain by market interventions, are by no means an approximation of a single international currency. As long as parity changes are possible - and often they are inevitable - private agents will speculate on such changes. In this respect, a system of adjustable pegs of national currencies - for example, pegs to dollars or to gold - differs very little from a floating rate regime. The only difference is that adjustments of pegs occur in discrete and traumatic jumps. Anyone who believes that the shocks to the world economy since 1973 would have been less disturbing under a regime of adjustable pegs has a short memory.

Although a true worldwide common currency is decades premature, private funds are prepared to arbitrage away differences in national interest rates and to speculate on movements of exchange rates. My transactions tax is designed to make international money markets compatible with modest national autonomy in monetary and macro-economic policy.

The fragmentation of Warsaw Pact countries is creating an unstable division of military might, says David White

The empire splits up

Eastern Europe's fractured forces



nian officers currently serving in other republics and eligible to return.

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Nuclear Non-proliferation Treaty.

"It is largely a bargaining chip, but we can't be sure," says Dr Mark Smith, who heads research on the former Soviet Union at the Royal United Services Institute in London. Ukraine does not have operational control over the weapons, nor the command system it would require. But experts believe it could overcome these hurdles. Under the Soviet system, the most advanced stages of nuclear weapon production were kept in Russia, but Ukraine could undoubtedly develop an indigenous capability.

Nato officials are worried that President Leonid Kravchuk may be attracted to the idea of a place in the family of nuclear-weapons states. Some parliamentarians have spoken of the desirability of a small nuclear deterrent.

"Why should they give it away, if they distrust the Russians?" asks Mr Henry Plater-Zyberk, a military expert at the University of Surrey.

Uncertainty also surrounds the future of the former Soviet Black Sea Fleet. Agreement was reached in August on a temporary joint Russian-Ukrainian command, putting off the division of the fleet for three years. But there have been hints that Ukraine may want to extend its naval presence beyond its coastal waters and possibly into the Medi-

terranean.

The European countries that have emerged from Moscow's domination have all, except for Belarus, clearly turned their backs to Russia. Since the Warsaw Pact's demise in April, 1991, a queue of potential applicants has built up at Nato's door.

However, officials at the organisation's headquarters in Brussels complain that the central and eastern European countries have "exaggerated expectations of what Nato can do". The North Atlantic Co-operation Council, set up by Nato as a forum for these countries, also embraces the former Soviet Union's central Asian republics, with which they have few interests in common and which still have ties with Russia.

Nato, created for stability in Europe, has yet to work out what its function is in that part of the continent which used to be in Moscow's dominion. Mr Dick Cheney, the outgoing US defence secretary, recently issued a personal warning to Nato colleagues: "An organisation devoted to security that does not address these concerns is not going to survive long-term." Nato should ultimately agree to admit "at least some of these nations", he said.

But Nato allies are reluctant to provide security guarantees over territory reaching to the borders of the former Soviet Union. They are also anxious not to sideline Russia.

In the Baltics, Nato has been trying to dampen fears about Russian aggression and about the concentration of Russian forces in the Kaliningrad enclave between Lithuania and Poland. This area contains as many as 400,000 troops, officials say, including units being withdrawn from Germany and the independent Baltic republics. Lithuania, Latvia and Estonia are creating new armies - still tiny with hardly any equipment. They are the only three countries building up their military from scratch.

Elsewhere the greatest advances in ideas for reform and restructuring have been made in Poland, Hungary and Czechoslovakia, the members of the Visegrad group formed last year. All want to redeploy forces concentrated near their western borders. But in the case of air forces this means building new airfields. The problem is at its most acute in the division now being undertaken between Czech and Slovak forces. Military strength, including air defence, has been concentrated in western Bohemia, although the defence industry is mostly in Slovakia.

Equipment in these countries lags behind that of Soviet forces. But modernising is difficult, with Nato not yet ready to supply arms and traditional suppliers demanding payment in hard currency.

Hungary, which has had fighters on alert since a cluster bomb fell on a border village in October last year in a spillover from the fighting in former Yugoslavia, has obtained aircraft identification equipment from the US, the first such supplies to a former Warsaw Pact country. It is also getting spares from the former East German army and recently agreed to take \$800m worth of equipment from Russia as part of debt repayments.

Most of the members of the Commonwealth of Independent States - the fragile grouping of former Soviet republics other than the Baltics and Georgia - have founded their own national forces; Tajikistan plans to; Turkmenistan is the only one planning to share command with Russia.

But if these countries want professional, western-style forces, how are they going to afford them? Their ministries frequently cannot even afford the fares to take part in seminars with Nato members.

Implementing the CFE cuts is an awesome problem for all central and eastern European countries. Cutting up tanks is expensive and environmentally hazardous. It is unclear how Russia and Ukraine, in particular, will face up to the force reductions required, with large-scale military unemployment adding to the effects of economic upheaval.

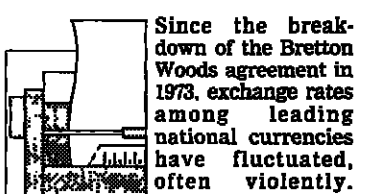
The deterioration of morale and discipline in the Russian military is already notorious. Officers are disoriented, some bitterly resentful of the way arms control has been handled. Most of the Russian forces are now regarded by Nato as being in poor condition.

Cuts promised for the end of the decade include a 45 per cent reduction in current troop numbers. But even then, Russia will still have an army of 1.5m, backed by 3,000 long-range nuclear weapons, the accoutrements of a superpower. When a Nato military official declares that "none of us is afraid of the Russians any more", he is speaking for stable, secure western Europe and not for the countries that have emerged from the Warsaw Pact.

PERSONAL VIEW

Tax the speculators

By James Tobin



Since the breakdown of the Bretton Woods agreement in 1973, exchange rates among leading national currencies have fluctuated, often violently. Much of their volatility reflects short-term speculation, distorting the markets for trade and long-range investment. Most experts agree that the ups and downs have greatly exceeded variations in rational estimates of currencies' fundamental values.

The travails of the world economy since 1973 inspire nostalgic longings for Bretton Woods, or even for a single world currency. Other proposals would keep the floating rate regime while setting limits on fluctuations and formalising the responsibilities of nations to keep exchange rates within agreed bands. In Europe, the recent troubles of the exchange rate mechanism have dramatised such issues.

Here I shall argue for a different proposal, which I first advanced in 1978. An international uniform tax should be levied on spot transactions in foreign exchange (including deliveries on futures contracts and options). The proposal has two basic motivations. One is to increase the weight that market participants give to long-range fundamentals relative to immediate speculative opportunities. The second is to allow greater autonomy to national monetary policies, by making possible greater differences between short-term interest rates in different currencies.

At the time, I anticipated that the proposed tax would be superimposed on a regime of market-determined exchange rates with minimal official interventions. But the tax could also be helpful to systems

involving interventions, from agreements on target bands to full restoration of Bretton Woods. It could also be useful as an adjunct to the ERM.

My proposal is a realistic, second-best option. A common currency works to great advantage when sustained by common institutions: free movements of goods, people, and financial capital; laws, courts, taxes, regulations, and customs; a uniform system of social security and other entitlements; assistance to regions and individuals suffering economic reverses. But a common currency is not viable without those institutions; even in Europe it may take a decade or two.

Fixed rates of exchange among national currencies, which central banks are committed to maintain by market interventions, are by no means an approximation of a single international currency. As long as parity changes are possible - and often they are inevitable - private agents will speculate on such changes. In this respect, a system of adjustable pegs of national currencies - for example, pegs to dollars or to gold - differs very little from a floating rate regime. The only difference is that adjustments of pegs occur in discrete and traumatic jumps. Anyone who believes that the shocks to the world economy since 1973 would have been less disturbing under a regime of adjustable pegs has a short memory.

Although a true worldwide common currency is decades premature, private funds are prepared to arbitrage away differences in national interest rates and to speculate on movements of exchange rates. My transactions tax is designed to make international money markets compatible with modest national autonomy in monetary and macro-economic policy.

A 1/2 per cent tax on currency

transactions is equivalent to a 4 per cent point difference in annual interest rates on three-month bills, a considerable deterrent to those contemplating a quick round trip to another currency. The intent is to slow down speculative capital movements; it would be too small to deter commodity trade or serious international capital commitments.

In 1936, Keynes pointed out that a transactions tax could strengthen the weight of long-range fundamentals in stock market pricing, as against speculators' guesses of the short-range behaviours of other speculators. The same is true for the foreign exchange markets. Vast resources of intelligence and enterprise are wasted in financial speculation, essentially in playing zero-sum games. A transaction tax might reallocate some of the resources. To the extent that it does not, it would at least produce needed government revenues without bad side-effects. It is estimated that more than \$1,000bn in gross foreign exchange transactions occur every business day.

It is obviously necessary to have an international agreement on the tax. My suggestion is that the proceeds go to the World Bank, but other dispositions, including less altruistic ones, could be considered.

While the proposed tax would give national macro-economic authorities somewhat greater autonomy, it would certainly not permit them to ignore the international repercussions of their policies. The leading economies would still need to co-ordinate policies, in particular, they must agree a general level of world interest rates, while allowing for differences among countries appropriate to their national circumstances. The author is Sterling Professor of economics at Yale University.

THE DAVID THOMAS PRIZE

David Thomas was a Financial Times journalist killed on assignment in Kuwait in April 1991. Before joining the FT he had worked for, among others, the Trades Union Congress.

His life was characterised by original and radical thinking coupled with a search for new subjects and orthodoxies to challenge.

In his memory a prize has been established to provide an annual study/travel grant to enable the recipient to take a career break to explore a theme in the fields of industrial policy, third world development or the environment.

The theme for the 1993 prize, worth not less than £2,000, is: WHAT ARE THE LIMITS TO PRIVATISATION?

Applicants, aged 21-30, of any nationality and not in full time education, should submit 500 words in English on this subject, together with a brief c.v. and a proposal outlining how the award would be used to explore this theme further. The award winner will be required to write an essay 1500 to 2000 words in length at the end of the study period. The essay will be considered for publication in the Financial Times.

CLOSING DATE JANUARY 8 1993

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Pursuit of riches from among the rubble

A new generation of entrepreneurs is hoping to profit from the depressed UK property industry, writes Vanessa Houlder

One by one, the stars of the UK property industry have fallen to earth, leaving a trail of lost fortunes in their wake. Godfrey Bradman of Rosehaugh, and the Reichmann brothers of Canary Wharf, are just a few of the long list of casualties.

But as the dust begins to settle, attention is turning to the entrepreneurs who turn the devastation in the industry to their advantage. "This is no easy task: in a rising market, anyone can look clever; in a falling market, few succeed."

After every serious downturn, the property tycoon has been declared extinct - only to reappear some years later. For the property business is capitalism in the raw: it allows people the chance to make - and lose - fortunes, far more rapidly than most manufacturing or service businesses.

The main ingredients of success are good contacts and negotiating skills. For this reason, many property entrepreneurs begin their careers as estate agents or chartered surveyors.

Nick Leslau, a surveyor, is one of the new breed. Since joining Burford Holdings, a newly formed property company in 1983, when he was just 23, he has acquired a reputation in the City as an astute dealer. He sold at the top of the market and has bought at distressed prices over the past 18 months. Sales included Henrietta House in the West End in mid-1990; acquisitions have concentrated on small office and properties outside London.

Another surveyor who has ridden the ups and downs of the market with some skill is Michael Goldhill, 43. He worked as an estate agent until 1983 when he set up a property investment company. He sold it six years later at the peak of the market, and started again with a vehicle called Hemingway Properties, a fledgling investment company.

Solicitors can also cross the professional divide. Among the lawyers-turned-entrepreneurs are Peter and Michael Freeman, two brothers who head Argent Estates, a private company with gross assets of £170m. After qualifying at D J Freeman, the family law firm, their first foray into the property world was in 1981 when they built an office building in Southampton with the help of £100,000 of family money.

Argent now occupies offices in the Albany in Piccadilly, a prestigious London address, and claims its corporate objective is to become "one of the largest and best-respected property companies in the country by 2000". These investors are vulner-



ble to the charge that they have moved too early. Many critics think commercial property values will continue to fall for at least another year. By contrast, most buyers are convinced they are seeing an historic opportunity. Property, they say, is cheap compared with its historical cost.

"The market is turning. It is a marvellous time to set up a business," says Martin Barber, the 46-year-old chairman of Capital & Regional, another

When entrepreneurs have been successful at attracting capital, personal contacts have been all-important

small property company which returned to the market in 1991, after selling much of its property in 1988. "The last three months of 1992 and the next six months of 1993 will be a window of opportunity."

But even those who believe property values are attractive admit that the odds are stacked against the newcomer.

First, opportunities are hard to come by, both in the development and investment markets. In development, newcomers have often started by assembling the site, obtaining planning permission and finding a tenant. An outside investor could then be brought in while the developer could retain some of the equity. But

this avenue has been largely closed by the glut of property on the market.

Second, even in the investment market, investors complain that it is surprisingly difficult to find good-quality buildings at knock-down prices, despite the large numbers of property owners who need to sell to lighten their debt burdens. "It is almost inconceivable there are not some cracking bargains out there - but we haven't found

them yet," says Leslau. Another problem for a new property company without a strong asset base or a distinguished record is the difficulty of attracting finance.

Mr Goldhill's first company started out with the help of £1m from "a dozen avuncular shareholders". It would be harder to find venture capital today, he says. "People in all sorts of business have lost a lot of wealth in recent years. They are more concerned with preserving their wealth than backing entrepreneurs."

When entrepreneurs have been successful at attracting capital recently, personal contacts have tended to be all-important. Hemingway attracted

Such comebacks did not happen overnight. Illustrating the protracted nature of the recovery from the 1970s crash. This time round, the decline has been steeper and the recovery is likely to be even slower. The entrepreneurs who are trying to buy at the bottom of the market could have an uncomfortable few years before their courage is vindicated.

Not even personal bankruptcy need be a lasting deterrent. William Stern, the most spectacular casualty of the 1974 crash, who accumulated debts of £104m, had his bankruptcy suspended and was back in the market by 1983.

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LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Real nature of council tendering dilemma

From Mr Tom Flanagan.

Sir, Could I help to clarify the uncertainty surrounding employee rights on council tendering ("Disputes over employees' terms threaten council tendering plans", December 16)? Contracts of employment must be preserved by a successful tenderer if the EC Acquired Rights Directive or the Transfer of Undertakings Regulations apply.

To date, the main preoccupation has been with the regulations' requirement that the entity must be "in the nature of a commercial venture". This requirement is not in the directive and is becoming irrelevant.

However, for either the directive or the regulations to apply, there must still be an actual transfer of an existing economic entity.

This is a question of fact in every case, involving an analysis of what, if anything, is being transferred. There is no ideal checklist.

The government's insistence that the regulations do not apply to competitive tenders "as a general rule" is just another way of saying that most contracting out does not involve a transfer of anything.

This is usually correct. Therefore, neither the regulations nor the directive should apply.

Nevertheless, the European Court of Justice is applying the directive when it can and it is impossible to say that it will not apply to more contracting out situations.

I can understand the local authorities' dilemma and can suggest that if they can show that they have made a reasoned decision that the regulations do not apply, because there is no "transfer" at all, then any resulting redundancy payments should not be *ultra vires*.

Tom Flanagan, partner, head of employment group, Booth & Co, Sovereign House, South Parade, Leeds LS1 1HQ

Easing of Heathrow access may lead to air services pact

From Mr Stephen M Wolf.

Sir, Your editorial concerning the proposed British Airways investment in USAir ("Deal in the air", December 18) is right on the mark. It would be a sad day for international aviation if the US and UK miss this opportunity to break the log-jam on negotiations toward a liberalised agreement on air services.

You have correctly identified the Heathrow access restrictions for US air carriers as the

primary obstacle to progress. We agree that if the UK government is willing to eliminate this barrier, the deal can indeed "be the trigger" for a liberalisation of transatlantic air services from which all would benefit.

Stephen M Wolf, chairman and chief executive officer, United Airlines Inc, Chicago, Illinois 60666 US

Offshore oil and gas industry confidence endangered

From J V Parziale.

Sir, In the debate on energy policy, the welter of detail on generating costs and similar matters has been the principal topic so far in the select committee and the media. Some larger issues are in danger of being obscured. These have a big bearing on Britain's offshore oil and gas producing industry, the enormous investments it represents and the employment it provides both offshore and onshore.

This industry is a large contributor to the UK economy, not only in balance of payments and tax revenue generation, but at the pragmatic level of industrial activity, development of new technology and jobs. All available figures, including the Department of Trade and Industry's, estimate that more than 3,000 companies throughout the UK benefit from offshore work. About 300,000 jobs onshore depend on this work, quite apart from the 80,000 who are regularly employed offshore. The capital spending programmes of oil and gas companies have for some years amounted to about one quarter of total UK industrial investment.

But it is an industry that depends heavily on confidence in the future. Offshore projects are planned with up to 25-year lives and undertaking exploration and subsequent production is a high risk business in which large sums are invested on the basis of sparse information. The industry's confidence in future political, fiscal and market policies is critical to planning its activities, particularly when - as at present - high operating costs in UK waters provide unfavourable economic comparisons with other international opportunities for investment.

Continuing development of Britain's gas reserves, and the investment and jobs that go with it, requires a consistent approach on the part of government and stable policies towards its momentum and growth. We believe there are sufficient reserves of UK gas to satisfy the nation's needs well into the next century.

These future opportunities will be put at risk if gas is regarded casually and mistakenly as a distant resource, always on tap, to be turned on or off by the short-term arguments of expediency. Continuity of offshore exploration and development will only occur in a climate of industry confidence in rational economic and political decision-making. It is this climate of confidence that may now be endangered.

J V Parziale, president, UK Offshore Operators Association, 3 Elms Crescent, London SW1

Story of the east still to be told

From Mr Ross MacDiarmid.

Sir, Samuel Brittan should be wary of lauding the "four tigers" - South Korea, Taiwan, Hong Kong and Singapore - too highly (Economic Viewpoint, December 17). I have recently worked in Taiwan for 18 months and government statistics from this part of the world are highly suspect. For example inflation in Taiwan was recently thought to be too high, so the index was changed and inflation was thus reduced - problem solved?

New technology is the motor of gross domestic product and in these economies - which are still at the "catch-up" state with the west - it is relatively easy to grow by importing foreign technology to a low-cost workforce. The hard part is developing new technologies beyond the bounds of existing foreign expertise and so far the omens are not good. Entrepreneurs are showing relatively little interest in new technological investment at home, preferring instead to shift low technology production to mainland China, Malaysia, Vietnam, etc. This has created a crisis in the form of huge capital outflows. The full story of the four tigers remains to be told.

Ross MacDiarmid, barrister-at-law, 150 South End Avenue, Apartment 11a, New York, NY 10280, US

Looked at from another angle

From Ms Mary Berg.

Sir, I do not know how many of the other 80 women members of the Society of Business Economists share my view that "women" is not "the most pleasurable" way of losing their reputations (Observer: "Assumption", December 21). However, I think we would all agree that forecasting is the surest, especially forecasting exchange rates. Or is that included in gambling?

Mary Berg, 36 Great Percy Street, London WC1X 9QR

FT

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FT FINANCIAL TIMES CONFERENCES

Clark can't

What kind of bird does Superman have for Christmas? A raven.

Where power disrupts...

These are trying times for west Berliners whose mains-powered electric clocks have been running haywire, losing up to 15 minutes a week.

After many a flicking-off from irate customers, the city's power company, Bewag, has at last identified the fault. Aiming to cushion west Berlin's previously independent system at peak times, the company decided to import power from the east European network.

It now transpires that Russian generating stations often diverge from the standard frequency of 50 cycles a second, with the result that clocks and such things as they govern in the old Conescon area have been inaccurate for the past 40 years and have to be adjusted weekly - if not daily.

True, that may not have mattered to managers less worried about their workers' time-keeping than about whether they would turn up at all.

It would seem that the Russians must have used quartz timers for their space launches. But alas, Bewag has no similarly sophisticated way of satisfying its customers' complaints.

Although charging the highest rates for electricity in Germany, it insists that wayward clocks are a small price to pay for increased power reserves until it can get round to rectifying the problem sometime in the middle of next year.

Energy loss

Reports are filtering through of a small contretemps in the normally peaceful senior common room of Chatham

House, or the Royal Institute of International Affairs, to give Britain's premier foreign-policy think tank its proper title.

Gerald Pollio, head of the important energy and environment programme, is on the way out after less than six months on the job.

While these types of personnel upheaval are not uncommon in big business, or US banking where Pollio comes from, they are highly unusual in such an egghead ambience.

Under Pollio's predecessor Jonathan Stern the institute made quite a name for itself in the energy and environment game. Its programme has twice as many corporate sponsors as any other. Hence a certain embarrassment at the programme chief's departure.

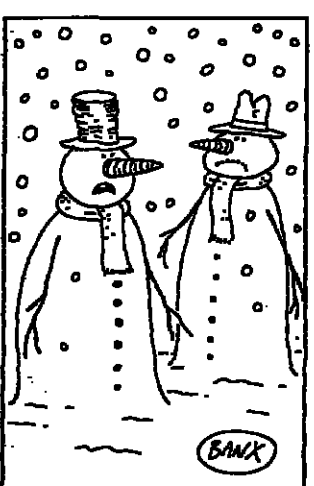
Chatham House high command is keeping mum. But one suggestion is that Pollio had had some difficulty making the transition from commerce to academia. If so, corporate sponsors might sympathise with him.

Hard cheese

A most un-Swiss row is boiling up between the olympian Union Bank of Switzerland and its largest shareholder, BK Vision, an investment trust formed last year by Martin Ebner's maverick Zurich securities house, BZ Bank.

URS threw down the gauntlet at the weekend by announcing that its board would not renominate to its ranks Christoph Blocher, the feisty right wing industrialist-politician who led the triumphant campaign last month against Switzerland joining the European Economic Area.

Blocher's sin, the bank hastened to clarify, was not his opposition to the EEA. His silencing of UBS chief



executive Robert Stinder at a public meeting during the EEA referendum campaign was also irrelevant.

It was his alleged advocacy of government regulation of mortgage interest rates and of bringing the Swiss central bank under parliamentary control that rankled the bosses at the country's largest bank.

What is the connection between Blocher and BK Vision? None directly, but Blocher and Ebner are known to be close business associates. And Ebner, with nearly 4 per cent of UBS voting stock behind him, likes to talk about shareholder rights and the importance of having dissent on company boards.

Blocher has kindly prepared the ground for his friend. "I am not prepared to stand down voluntarily," he says defiantly.

Return visitor

News that the Courtaulds Textiles pension scheme was handing back part of its huge surplus should come as no surprise to professional pension fund watchers. In an industry which

worships the average, Courtaulds in-house pension fund has always been the odd man out. It has prospered by not following the herd.

John Evans, the current manager, has never been to a National Association of Pension Funds annual conference, and as he's now 58, he has no intention of starting now.

His name does not appear in City directories and he is not as well known as his two predecessors, Alastair Ross Goobey, who is about to run Postel, and Matthew Oakeshott, who left to set up Olim, his own money management firm.

However, Evans has been around longer than both of them. He first managed Courtaulds pension money in the mid-1970s before joining Oliver Marriot - author of The Property Boom - in the property business. He returned in 1986.

Evans plays down the difficulties in-house pension schemes have in paying enough to recruit the best investment managers. His team can concentrate on investing and doesn't have to waste time trying to win new clients.

But more important are his pension fund trustees whom he describes as "challenging and sympathetic". Whereas outside managers are ruled by quarterly valuations, Evans is able to take a longer term and often contrarian view. He has made money investing in unfashionable parts of the property market when others lost their shirts. "You have to earn this privilege, but once earned, it can become a virtuous circle," he says.

Clark can't

What kind of bird does Superman have for Christmas? A raven.

Early returns show Milosevic heading towards victory

Panic alleges widespread fraud in Serbian presidential elections

By Laura Silber in Belgrade

MR MILAN PANIC, the Yugoslav prime minister, yesterday alleged widespread fraud in Sunday's Serbian presidential elections as early returns indicated that the incumbent, Mr Slobodan Milosevic, and his nationalists were headed towards victory.

Unofficial and partial results showed that Mr Milosevic had received 56 per cent compared with Mr Panic's 33 per cent with about 10 per cent of the vote counted.

Mr Ivica Dacic, spokesman for Mr Milosevic's Socialist party, said: "We are confident that Milosevic is convincingly ahead of Panic and that he will win in the first round."

Mr Panic's office claimed, on the basis of exit polls, that the Yugoslav-born California businessman was still ahead of Mr Milosevic. But Serbia's Socialists and the allied ultranationalist Serbian Radical party appeared to be leading the poll for the Serbian and federal parliaments.

The Socialists last night even claimed Mr Milosevic had defeated Mr Panic in Belgrade, the Serbian and federal capital, an opposition stronghold.

Mr Panic said he would seek an annulment of Sunday's ballot and demand a rerun within 90 days. He said the election committee had counted ballots for the presidential race in local municipalities instead of sending them to the central electoral committee where observers were present.

A team of observers from the Conference on Security and Co-operation in Europe backed Mr Panic's claims of election irregularities. "The electoral process was seriously flawed," said a statement of the CSCE elections



Residents of Sarajevo queue for water. The Bosnian capital has been without a regular supply for weeks

mission. Observers, opposition leaders and diplomats all reported numerous cases of people's names being deleted from voter registers, ballot box stuffing and unsealed ballot boxes.

Diplomats said that the slow count could indicate irregularities. By last night, Serbia's electoral commission had not given the turnout for the vote.

"The elections were not fair. But we have to wait until they announce the results," said a foreign observer speaking on condition of anonymity.

Foreign observers said the race was unfair from the start because of the bias of Television Serbia under the control of Mr Milosevic.

The Serbian presidential race overshadowed parliamentary, federal and local elections in Montenegro. The two republics together claim the mantle of former Yugoslavia, which is not recognised internationally.

Mr Douglas Hurd, the British foreign secretary, yesterday warned that time was running out for Serbia to make "rapid and

radical" changes to end its aggression or face total isolation in the international community.

Speaking after a meeting of European Community foreign ministers, he said he expected the UN Security Council to pass a resolution providing for enforcement of a no-fly zone over Bosnia.

Mr Hurd said there would be a delay in enforcement while the UN tested whether the Serbs intended to comply.

Background, Page 2

UK court rules pit closures unlawful

By Our Industrial and Political Staff

THE High Court dealt the British government's coal programme a severe blow yesterday by ruling that its decision to close 31 pits last October had been conducted unlawfully.

The ruling caused jubilation among miners, and provoked a call from the Labour opposition party for the resignation of Mr Michael Heseltine, trade and industry secretary. However it seemed unlikely to lead to an early resumption of mining at 10 pits where work is being stopped.

Lord Justice Gidwell and Mr Justice Hadden found that the government and British Coal "unlawfully and irrationally" ignored the right of miners and trade unions to be

consulted over pit closures.

The judges also quashed Mr Heseltine's decision six days later, as a result of the public outcry, to close only 10 pits after a 90-day consultation, and to subject the remaining 21 to a review.

The judges, who were ruling on an appeal against the closures by the mining unions, found that the lack of consultation broke the UK Employment Protection Act 1975 and possibly also breached EC law. Miners' rights are contained in the modified colliery review procedure (MCRP) which was set up in 1985 after the last coal strike. But it was suspended by British Coal in October in order to speed up the closures.

The judges said: "British Coal shall not reach a final decision on the closure of the 10 collieries, nor shall the president make available funds which would

enable British Coal to make such a decision, until a procedure substantially the same as MCRP, including some form of independent scrutiny, has been followed in relation to each of the 10 collieries." The consultations being used for the 21 pits might be incorporated into the procedure, they said.

British Coal said it was considering an appeal. It also indicated that it would study the ruling, which took three hours to read out in the court, before deciding the future of threatened pits. The ruling was about the process for shutting down mines, not about the legalities of mine closures.

The ruling was welcomed by some Conservative MPs, and deepened the government's embarrassment over the closures. Many Conservatives, including ministers, believe a reprieve for

several of the 31 pits is now inevitable. Mr John Major, the British prime minister, hinted at a retreat during an interview on BBC Radio 4, saying the government had an open mind.

Union leaders hailed the decision as the most significant legal victory for organised labour since the 1970's. Mr Arthur Scargill, leader of the National Union of Mineworkers, called for Mr Heseltine's resignation.

Mr John Smith, the Labour party leader, stopped short of calling for resignations, but wrote to Mr Major asking for the 10 pits which were closed to be included immediately in the government's energy review.

Mr Heseltine rejected talk of resignation, saying that he had accepted British Coal's advice that consultations about the closures would not be necessary.

Japan announces stimulatory draft budget

By Robert Thomson in Tokyo

JAPAN'S finance ministry yesterday published a draft budget for the 1993-94 financial year that attempts to balance an expected fall in tax revenues with the need to increase public spending and stimulate an ailing economy.

The draft, which provides for an austere 0.2 per cent increase in total outlays but a 4.8 per cent rise in public works spending, was approved at a cabinet meeting yesterday and will be debated by the government until the end of the week.

Some estimates will change because of the debates, but the draft, hailed as "stimulatory" by

the ministry, is the guide to Japanese government spending for the fiscal year beginning in April.

Outlays in several areas, including pensions and agricultural subsidies, are to fall, while defence spending is to rise by 1.7 per cent, the smallest increase since 1980. Overseas aid spending is scheduled to rise by 4.7 per cent and social welfare outlays by 2.9 per cent, the smallest increases in both sectors since 1987.

The ministry said that while outlays in most areas were restrained to a degree unprecedented in recent years, public works spending was increased.

Business organisations welcomed the emphasis on public

works spending, but Mr Masaru Hiramatsu, head of the Association of Corporate Executives, said the ministry's calculations might be flawed because they are based on an "overly optimistic" forecast of 3.3 per cent growth next year.

Meanwhile, the so-called second budget, the annual estimates of the Fiscal Investment and Loan Programme, which gets its funds from government-affiliated financial institutions, provides for a 12.4 per cent rise in public works-related spending, compared with a 10.8 per cent rise in the current year.

Mr Robert Feldman, economist at Salomon Brothers in Tokyo, said the budget was "definitely expansionary" and almost certain

to be supplemented by a special budget package in fiscal 1993.

Finance ministry officials said the budget was not drafted with Washington in mind, but that US officials should conclude Japan was doing everything possible to revive the domestic economy and aid international growth.

The ministry expects the slowing of the economy to lead to a 1.9 per cent fall in tax revenues. As a result, construction bond issues are scheduled to rise by 11.7 per cent to cover the deficit, and debt paper as a percentage of the general account revenue will rise from 10.1 to 11.2 per cent.

Money supply, Page 3
Editorial Comment, Page 10

Government to cover bomb damage

Continued from Page 1

The Treasury and Mr John Major, the prime minister, were cautious about the signal it might send to terrorists. But Mr Heseltine appears to have persuaded them that the market alone could not deal with the problem. Downing Street described the result as "predominantly commercial".

There was little suggestion in

government circles that Mr Heseltine's description of the measures as "temporary" should be interpreted as involving a time limit. Officials said only that the government did not want to help companies "for ever and a day".

Mr Tony Baker of the ABI said there was no possibility of policyholders being left "high and dry" by any sudden suspension of the new arrangements.

Ministers have been acutely sensitive about the possible propaganda advantage to the Irish Republican Army of any retreat by the government - or of any moves which might be interpreted by the IRA as making their bombing campaign a direct challenge to the government.

There has been annoyance among government officials over the high-profile tactics adopted by the insurance companies.

EC hotline

Continued from Page 1

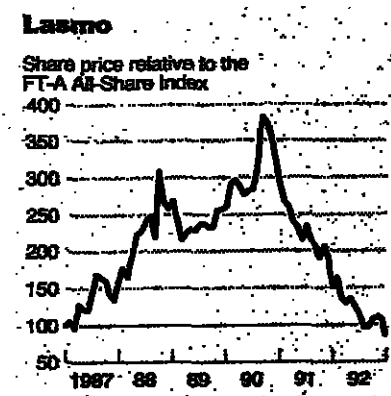
ECs interpretation of EC treaty rules that all controls should go, but appears to have dropped the immediate threat of legal action against member states which maintain passport checks.

ECs, Rue de la Loi 1, 1050 Brussels, Belgium. Frontier control hotline (available January 4-8): Brussels 534 8325 (telephone), 534 5275 (fax).

THE LEX COLUMN

Protected returns

FT-SE Index: 2807.7 (+18.0)



Lasmo
Share price relative to the FT-SE All-Share Index
1987 88 89 90 91 92
Source: FT Graphicals

Restrictions on consumer electronics imports did little for Philips. Its shares underperformed Matsushita by more than 20 per cent in the last 10 years. The evidence, though, is far from clear-cut. Peugeot outperformed Honda by a factor of eight over the same period. GEC outperformed Mitsubishi Electric by 8 per cent, admittedly thanks to a steep relative improvement since 1990.

Then again, such comparisons are crude. Perhaps more competition inside the single market will offset the indifference induced by protection. It is easy to forget that a combination of tough domestic competition and external protection helped Japanese companies succeed in the 1980s.

UK pensions

That Courtaulds Textiles can afford to take a slice out of its pension fund surplus after three years of generally lousy investment returns testifies to nimble fund management. Actuarial valuations of most company pension funds are unlikely to be so kind. Many will reveal dwindling surpluses, marking the end of contribution holidays. That means an unwelcome demand on cash flow for some companies. But it could be good news for the equity and bond markets as a whole.

One side of Courtaulds Textiles' arrangement takes £32m out of the pension fund - invested predominantly in UK equities - and passes the cash into company coffers. Too many similar instances would have an uncomfortable impact on institutional

cash flow. Courtaulds Textiles is by no means unique. Its sister chemicals company has accumulated an equal embarrassment of riches. But higher contributions from companies reaching the end of pension fund holidays are likely comfortably to offset the cash withdrawals of companies in the same position as Courtaulds.

Whether any company should be sharing out its pension fund surplus while the investment outlook is so uncertain is another matter. In Courtaulds Textiles' case, the action looks justified because by bringing the surplus below the government threshold the fund avoids paying unnecessary tax. Since the fund still shows a modest surplus on the government actuary's gloomy assumptions - including dividends declining by 1.8 per cent a year in real terms in perpetuity - it is hard to argue that benefits have been put at risk.

Lucas

It is perplexing that Lucas, which constantly lauds the virtues of the long-term approach, should choose to sell its fluid power systems business near the bottom of the cycle. Although the disposal was flagged in the company's latest annual report, Lucas is jettisoning a long-established company just when it might flourish from a US recovery. The suspicion remains that the disposal programme is motivated more by a desire to maintain the dividend than to preserve long-term value. The sale may realise a useful £30m. Further asset sales could bring total disposal proceeds to £100m by the financial year-end.

Lucas argues that an earnings recovery will enable it to preserve the payout this year. But it is difficult to see from where the necessary uplift will come. Prospects for the aerospace arm remain unattractive given its dependence on the stricken defence sector. The automotive side will continue to suffer from the travails of the truck market and the downwards lurch among German carmakers.

Still, Lucas undoubtedly retains a powerful position in these markets. And with margins of only 1 per cent on sales of £2.3bn it possesses considerable recovery potential. The question remains: who will best realise it? Management may have decided that a hasty sale of the family brass is the best defence against the much-rumoured bid. The problem is that without a bid premium, Lucas's shares look unduly heavy.

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World Weather											
	°C	°F		°C	°F		°C	°F		°C	°F
Amsterdam	10	50	Frankfurt	5	41	Madrid	10	50	Toronto	14	57
Antwerp	10	50	Glasgow	5	41	Moscow	10	50	Toronto	14	57
Athens	10	50	Hamburg	5	41	Munich	10	50	Toronto	14	57
Bahia	10	50	London	5	41	Nairobi	10	50	Toronto	14	57
Bangkok	10	50	Los Angeles	5	41	Paris	10	50	Toronto	14	57
Barcelona	10	50	Manila	5	41	Rio de Janeiro	10	50	Toronto	14	57
Bombay	10	50	Montreal	5	41	Sao Paulo	10	50	Toronto	14	57
Buenos Aires	10	50	New York	5	41	Singapore	10	50	Toronto	14	57
Burgas	10	50	Ottawa	5	41	Sydney	10	50	Toronto	14	57
Calcutta	10	50	Perth	5	41	Taipei	10	50	Toronto	14	57
Cardiff	10	50	Port of Spain	5	41	Tokyo	10	50	Toronto	14	57
Cebu	10	50	Port of Spain	5	41	Yokohama	10	50	Toronto	14	57
Colon	10	50	Port of Spain	5	41						
Dublin	10	50	Port of Spain	5	41						
Edinburgh	10	50	Port of Spain	5	41						
Hong Kong	10	50	Port of Spain	5	41						
Kuala Lumpur	10	50	Port of Spain	5	41						
London	10	50	Port of Spain	5	41						
Lyons	10	50	Port of Spain	5	41						
Manila	10	50	Port of Spain	5	41						
Moscow	10	50	Port of Spain	5	41						
Mumbai	10	50	Port of Spain	5	41						
Nairobi	10	50	Port of Spain	5	41						
Paris	10	50	Port of Spain	5	41						
Rio de Janeiro	10	50	Port of Spain	5	41						
Sao Paulo	10	50	Port of Spain	5	41						
Singapore	10	50	Port of Spain	5	41						
Sydney	10	50	Port of Spain	5	41						
Taipei	10	50	Port of Spain	5	41						
Tokyo	10	50	Port of Spain	5	41						
Yokohama	10	50	Port of Spain	5	41						

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Tuesday December 22 1992

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INSIDE Corporate Germany under fire

Two weeks ago Calpers, the big US pension fund, denounced the voting restrictions in place at dozens of leading German companies. Last week Mr Christian Strenger, chief executive of the investment management arm of the Deutsche Bank and Germany's largest fund management group, called for voluntary rules to govern takeover activity in Germany. Page 14

Lucas raises £30m by disposal
Lucas Industries, the car and aerospace components maker which plans to raise £100m (\$152m) through disposals by next August, yesterday announced the sale of its fluid power systems division to Sophus Berendsen of Denmark. The division is the largest of four put up for sale by Lucas in October in an effort to focus on core businesses. Page 17

Deck the hall with whips of holly

There is a belief that to be soundly thrashed with holly branches is the finest possible cure for chills: Britain's holly growers are aware of this. Furthermore, in some parts of England and Germany it is believed that if rough, prickly holly is brought into a house the husband will dominate the home for the year ahead. If the holly has smooth leaves and few prickles, however, the wife will rule. David Richardson writes about Britain's only professional holly grower. Page 20

Ireland comes to the fore

The FT-Actuaries World Index shrugged off bad corporate news last week, and there were some strong performances from Ireland and Singapore. Ireland came to the fore with a 5.8 per cent rise on expectations of a currency devaluation. Over the last quarter, it has risen some 7 per cent in local currency terms but is 12 per cent down on the year. Back Page

Fund manager ahead
Ivory & Sims, the UK fund management group, has announced an 8.5 per cent rise, from £2.08m (\$3.17m) to £2.27m, in pre-tax profits for the six months to October 31. Page 19

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Chief price changes yesterday

FRANKFURT (DM)

Colson Kron P	405 + 14.5	Pharmit	296 + 11.1
Daimler-Benz	524 + 14.5	Pharmit	296 + 11.1
SEB	371 + 14.5	Pharmit	296 + 11.1
Lufthansa	598 + 14.5	Pharmit	296 + 11.1
Porsche	438 + 14.5	Pharmit	296 + 11.1
Pharmit	200 - 6	Pharmit	296 + 11.1
Pharmit	200 - 6	Pharmit	296 + 11.1

NEW YORK (\$)

Pharmit	11.1 + 1/2	Pharmit	296 + 11.1
Pharmit	29.4 + 1/2	Pharmit	296 + 11.1
Pharmit	49.1 + 1/2	Pharmit	296 + 11.1
Pharmit	30.4 + 1/2	Pharmit	296 + 11.1
Pharmit	16.1 + 1/2	Pharmit	296 + 11.1
Pharmit	12 - 1	Pharmit	296 + 11.1
Pharmit	340.5 + 37	Pharmit	296 + 11.1

LONDON (Pence)

Pharmit	189 + 15	Pharmit	296 + 11.1
Pharmit	122 + 15	Pharmit	296 + 11.1
Pharmit	123 + 15	Pharmit	296 + 11.1
Pharmit	105 + 15	Pharmit	296 + 11.1
Pharmit	200 + 15	Pharmit	296 + 11.1
Pharmit	38 + 15	Pharmit	296 + 11.1
Pharmit	118 + 15	Pharmit	296 + 11.1
Pharmit	178 + 15	Pharmit	296 + 11.1
Pharmit	129 + 15	Pharmit	296 + 11.1
Pharmit	151 + 15	Pharmit	296 + 11.1
Pharmit	22 + 15	Pharmit	296 + 11.1
Pharmit	54 + 15	Pharmit	296 + 11.1
Pharmit	115 + 15	Pharmit	296 + 11.1

Novell to purchase Unix for \$350m

By Louise Kahoe in San Francisco

NOVELL, the largest publisher of software that links computers on networks, has signed a letter of intent to acquire Unix Systems Laboratories, an AT&T unit responsible for the licensing and development of the widely used Unix computer operating system. The proposed \$350m acquisition will have profound implications for vendors and users of "open systems" computers. It also signals an intensifying battle between Novell and Microsoft, the world's largest software company, over control of the market for operating systems and networking software.

AT&T is 77 per cent owned by AT&T, which formed the unit in 1981 in response to rising concerns about AT&T's control over development and licensing of Unix, which has become the standard operating system for "open systems" in which computers from different manufacturers work together.

AT&T encouraged other computer and software companies to acquire minority stakes in Unix to provide them with a measure of control over the development of Unix.

Novell already owns 5 per cent of Unix and 11 other computer-industry companies together own 18 per cent. The deal has been approved by the boards of Novell and AT&T, but it has not yet been approved by the other Unix System Labs owners, which include Amdeh, Fujitsu, ICL, Motorola, NEC, Sun Microsystems, Oki Electric, Olivetti and Toshiba. Initial reactions from these ranged from "neutral to positive" said Mr Roel Pieper, president and chief executive of Unix.

The acquisition was prompted by Novell's desire to accelerate adoption of the Unix operating system and to "commercialise" the processes of developing and distributing Unix products, said Mr Raymond Noorda, president and chief executive of Novell.

Novell also appears to be anticipating the competitive challenge to Unix of "Windows NT," a new version of Microsoft's popular "Windows" operating system expected next year. For AT&T and other Unix shareholders, the exchange of shares will be tax free. Based on current Novell stock price, AT&T expects to recognise a gain in excess of \$100m and will own about 8 per cent of Novell's stock.

Alan Friedman on the prospects for Time Warner after Steve Ross

THERE was something unseemly about the way the board shake-up at Time Warner was announced just hours after the death of Mr Steve Ross, the 65-year-old chairman and founder of the world's biggest media and entertainment group.

Yesterday, as the company mourned the loss of Mr Ross, reports filtered out of Time Warner of an internal clash that had led to the removal of some of Mr Ross's closest friends.

Among those said by executives to have been distressed by the developments were Mr Martin Payson, the Time Warner vice-chairman who resigned from the company as well as from the board; Mr William vanden Heuvel, who hung on to his board seat but is expected to lose it next spring; and Mr Arthur Liman, the lawyer who was not a board member, but was a close friend and adviser to Mr Ross, handling a large volume of legal work for Time Warner.

Mr Gerald Levin, the president and chief executive of Time Warner who is expected to eventually succeed Mr Ross as chairman, tried to put a brave face on the board changes, which will reduce the number of directors from 21 to 12 and are aimed at recruiting more outside members.

The board reduction was the last step in a lengthy review process that he, Mr Ross and outside directors began last September, Mr Levin declared.

But Mr Geoffrey Holmes, a senior vice-president of Time Warner who was privy to the decisions, admitted the timing of the announcement was "extremely unfortunate" and noted "it was just a question of should we do it now or wait a couple of days".

The board changes appear to favour the Time side of the group and they have re-ignited speculation about the disparate corporate cultures of the staid Time and the free-wheeling Warner - the two sides that came together three years ago in a controversial \$14bn merger. The company claims talk of such cultural divisions is exaggerated.

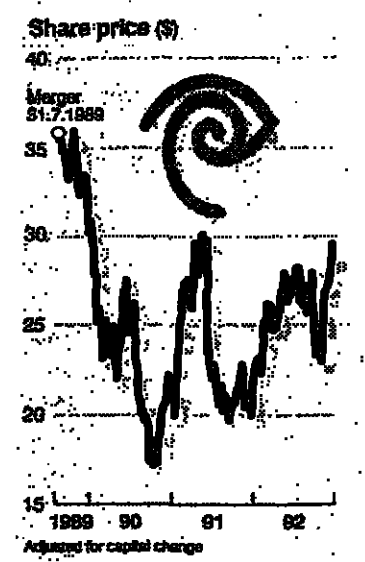
Whatever the case, it is clear that Time Warner faces a number of more material challenges as it begins a new era without its charismatic founder.

Chief among these is the need for Time Warner to become more corporate in its top-level management and decision making and less a cult of personality.

On the financial side, Wall Street has been promised that Time Warner will come to terms with its \$8bn debt burden, a residue of the 1989 merger, and reduce it by selling off assets. In strategic terms the company is still searching for more international partners to buy into its

Media group faces life beyond the cult of personality

Shape of the empire



Steven Ross

	Magazines	Music	Films	Home Box Office	Cable
Revenue (\$m)	3,021	2,980	3,065	1,386	1,985
Operating profit (\$m)	174	256	207	183	334

Source: Datastream & company reports
Year end Dec 31, 1991

Time Warner Entertainment (TWE) subsidiary, which last year obtained only \$1bn for a 12.5 per cent stake from Toshiba and C. Itoh of Japan - half the level desired by Mr Ross.

Finally, it has yet to be shown at Time Warner - as at other companies such as the Sony group - that the various components can produce synergies that go beyond rhetoric and make solid contributions to the bottom line.

Mr Ross's goal was to build a media and entertainment giant with global clout and prime market positions in the Hollywood film industry, recorded music and publishing (including the Time magazine flagship) as one of the biggest US cable television operators and as a successful programmer for cable through the Home Box Office (HBO) division. This he did, and the company is expected to close 1992 with \$14bn of revenues and profits in all divisions. The film division is likely to

make \$400m of operating profits, up from \$390m last year; the music business should produce \$580m of operating income, against \$560m; HBO should achieve \$215m, up from \$195m; the cable operations could earn nearly \$1bn in 1992, against \$872m last year; and publishing should yield \$330m, compared to \$246m in 1991.

Mr Alan Grubman, a leading US entertainment lawyer who knew Mr Ross well, yesterday called the late Time Warner chairman "one of the great pioneers of the modern entertainment industry, along with people like William Paley".

Y et Mr Ross - a silver-haired extrovert with an affinity for glitz - was an entrepreneur who suffered from the same problems as many company founders. As one of his friends put it: "Steve ran the company as a family. So no matter how screwed up it was he would never sell off one or two of

his children. I think he had a terribly difficult time trying to deal with selling assets. Founders of companies usually don't want to let go."

The need to reduce the debt has been apparent for the past two years, especially as merger-related special dividend payments have consistently resulted in net losses despite strong operating profits.

Mr Levin and the new managers of Time Warner are likely to be able to dispose of assets in a way Mr Ross could not because he was so emotionally tied to Time Warner holdings.

The Levin team has promised to seek to reduce the debt by \$3bn by selling off non-strategic assets over the next three years.

Mr Holmes yesterday said debt reduction was a top priority for the management team and acknowledged that in announcing planned asset sales recently, he was also seeking to reassure investors who are not satisfied with the price of Time Warner's stock. "We're not happy with the stock performance either," he said.

Mr Holmes also said more international partners are being lined up, and could be announced during 1993. While alliances are useful for the distribution of entertainment products and to generate more non-US revenues, they are also sorely needed to bring in cash to lower the company's debt load.

There is no easy answer to the question of achieving strategic synergies; regardless of how sceptical outside observers may be, companies as diverse as Time Warner, Sony, Matsushita and Bertelsmann all believe that pooling different entertainment businesses will yield economies of scale and profits in the future.

As for a new style of management, Time Warner insiders claim Mr Levin is firmly in control and they point out that the company's decision-making process has become much less personality-driven since Mr Ross was sidelined a year ago by treatment for prostate cancer.

The 52-year-old Mr Levin hails from the Time side, was a prime architect of the 1989 merger accord and yet is described by insiders as a man who is committed to Mr Ross's vision of the group as a global force in entertainment.

Mr Liman stressed yesterday that "Steve hand-picked Gerry Levin as his successor". The most lasting legacy of the passing of Mr Ross may be that it enables the company he founded to make a series of difficult decisions without regard to sentiment or emotion. This was acknowledged yesterday by a Time Warner executive, who noted that "things will still never be quite the same".

Ciga sells control of Italian hotel arm

By Haig Simonian in Milan

CIGA, the heavily-indebted international hotels group controlled by the Aga Khan, is selling majority control of its Italian hotel-owning arm in an eleventh-hour attempt to reduce borrowings in time for a year-end deadline with its bankers.

However, the L301bn (\$218m) sale of 51 per cent of Ciga Immobiliare, the subsidiary owning the group's Italian hotels, is subject to agreement from creditor banks.

Ciga is selling the stake to Situr, a fast-growing private-sector Italian property development and entertainment group, which already has a variety of travel and tourism interests.

Situr will buy into Ciga Immobiliare via a capital increase. Separately, Ciga will purchase the 49 per cent share in Ciga Immobiliare Sardegna, its Sardinian property subsidiary, currently owned by Fimpar, the Aga Khan's listed holding company. Ciga will then be sold on to the Aga Khan and Situr.

The Aga Khan, who was the main force behind the tourist development of Sardinia's Costa Smeralda where the CIS assets are based, will buy 80 per cent of the company, with the remainder going to Situr.

Fimpar will make L95bn from the sale, while the remaining proceeds will go to Ciga Immobiliare, by then majority-owned by Situr.

The complex transactions should reduce Ciga's group debt from almost L1,000bn at present to L330bn.

The reduction will come through the cash injection from Situr and by the removal from Ciga's balance sheet of borrowings by Ciga Immobiliare.

A further slice of debt will be left following the Aga Khan's agreement to convert into equity L61bn of Ciga convertible bonds by the end of this year.

The company stressed the agreement would not affect its ownership of its foreign hotels, or management of any hotels in the group. As part of the deal, Ciga is expected to sign some form of leaseback arrangement with Situr. Ciga said turnover of its hotels division should rise to L440bn this year from L404bn in 1991. The company gave no profits forecast for the year. Last year, it lost L98.8bn, while Fimpar, which owns 50.01 per cent of Ciga, lost L55bn.

BfG deal faces disruption threat from Fondaria

By Christopher Parkes in Frankfurt and Haig Simonian in Milan

THE DIFFERENCES over plans for Credit Lyonnais to take control of Germany's BfG bank have been resolved, at least for now, as the German insurance group, AMB, the German insurance group, claimed yesterday.

However, the deal seemed threatened with further disruption as Fondaria, the Italian insurer with a 20 per cent stake in AMB, was reported to have called for a vote of no confidence in Mr Helmut Gies, chairman of AMB's supervisory board, at a weekend meeting.

AMB officials did not deny the report, which included claims that Fondaria had asked for an extraordinary shareholders' assembly on December 30 to be

postponed "on material and legal grounds". If shareholders approve the resolutions at the meeting, Assurances Générales de France (AGF) will gain a blocking stake in Germany's second-biggest insurer, Credit Lyonnais will win a foothold in the top ranks of German banking, and AMB will rid itself of its barely-profitable banking subsidiary.

Meanwhile, the German insurer, with 51 per cent of BfG, insisted an agreement on the deal would be signed before Christmas. The extraordinary assembly to approve the transaction would be held as planned, despite rumours of possible postponement, AMB added. The meeting would also be asked to bless another, linked, agreement, reached earlier this year, under which AGF is to be granted full

voting rights on its 25 per cent stake in AMB.

AGF, the state-owned French insurance group, acted as broker in the deal with Credit Lyonnais. It accepted the role as part of a peace settlement with AMB, which had hitherto viewed AGF's holding as hostile and had withheld full voting rights on its stake.

Fondaria, which yesterday refused to comment on the weekend meeting, entered enthusiastically into its relationship with AMB. But plans to form a three-way alliance of independent European insurers, including Britain's Royal group, have been left increasingly to one side as a result of AGF's growing involvement with the German insurer. Ferruzzi, which jointly controls Fondaria, is jointly to be unhappy with its profitability.

Groups face tax rise under treaty

By Andrew Jack in London

MANY multinational companies will be forced to restructure their operations or face substantial tax rises under a draft treaty between the US and the Netherlands.

Tax on dividends and interest payments from US-based businesses owned through a Dutch holding company could increase sharply. Foreign investors in the US who channel funds through Dutch companies to reduce the tax burden are also likely to be affected.

The details are contained in the revised US-Dutch tax treaty negotiated over 11 years, which was approved by both governments last week and could be ratified by the US Senate and the Dutch parliament for implementation as soon as January 1994.

It comes after pressure for reform of the existing treaty by the US government, which has been concerned at the use of Dutch holding companies to avoid US tax liabilities.

Mr Bruce Lassman, head of the US tax desk at accountants Ernst & Young in London, said: "Many, many companies will be forced to restructure their operations." Mr Duncan Bratsell, group tax manager at Thorn-EMI which has a series of Dutch companies, said: "We have done certain things to mitigate the effect [of the treaty] in the past. But this is one they have kept very close to their chests."

Royal Dutch Shell said its lawyers were still studying the agreement but believed it would not have much impact on the company. The treaty will increase US

withholding taxes on dividends to Dutch companies from 5 per cent to 30 per cent, and on interest payments from zero to 30 per cent unless the Dutch company can satisfy new requirements.

That will substantially reduce the scope for UK and other investors to use Dutch companies to take advantage of differences in international tax regimes and offset or "blend" tax liabilities against each other before remitting them home.

The treaty is particularly important for UK multinationals, because there is no facility for them to offset these taxes once they have been remitted to the companies in the UK. It will also affect investors from many countries without US tax treaties, such as Hong Kong, the Middle East, South Africa, and Central and South America.

This announcement appears as a matter of record only

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ANZ November 1992

Snecma issues warning of heavy loss for year

By Alice Rawsthorn in Paris

SNECMA, France's state-controlled aircraft engine maker, yesterday warned that it would make a substantial loss in 1992 and that it saw no prospect of a return to the black next year.

Mr Gérard Renon, chairman, said the group had been badly affected by the problems of its customers in the civil aviation industry and by the general economic slowdown. Snecma specialises in the production of engines for Airbus jets in both the civil and military sectors.

The chairman, who recently announced a first-half loss for the company, forecast continued losses for the second half of this year. This would produce an overall loss of around FF600m (\$112m) for 1992, significantly higher than 1991's loss of FF68m. Snecma lost FF302.75m on consolidated sales of FF7.1bn in the first six months of this year.

Mr Renon also warned of a probable fall in sales for 1992 of around 6 per cent or 7 per cent

to FF13.5bn. He anticipated a further fall in sales, and sustained pressure on profitability, next year. "Given the pressure on sales and margins, it will be difficult for us to return to break-even," he said.

Snecma has suffered from depressed demand in 1992. The level of production of its CFM 56 engines has fallen from 880 in 1991, to 770 this year, and to a projected 550 in 1993. This problem was recently aggravated by the cancellation of an order from Northwest Airlines of the US for 74 Airbus fitted with CFM 56 engines made by the French group and General Electric, its US partner.

The company has already taken steps to cut costs. Mr Renon warned that there could be more temporary lay-offs and short-time working at its production plants, but said there would be no increase in the 800 job losses already announced. "We mustn't over-react," he said. "We have to ensure that we have the capacity to recover in the medium term."

Pinault-Printemps director quits after clash with chief

By Alice Rawsthorn

MR JEAN-JACQUES Delort yesterday resigned as a director of Pinault-Printemps, the French retailing and timber concern, after a row with Mr François Pinault, chairman, and the architect of last year's merger between his timber company and the Printemps retailing group.

The Pinault group has for some time stirred interest because of its shift in strategy when Mr Pinault changed direction away from the old industrial-based interests of his family timber firm by expanding into retailing. This culminated in the FF5.3bn (\$991m) partial bid for Printemps.

The Printemps deal turned Pinault into a leading player in French retailing with the Conforama furniture chain and La

Redoute mail order catalogue as well as the Printemps department stores.

It also left Pinault with heavy debts. Mr Pinault this autumn orchestrated a FF1bn capital increase from Crédit Lyonnais, the French bank, and has recently been reported to be negotiating to buy part of the bank's junk bond portfolio.

Mr Pinault, renowned for his aggressive approach to business, is said to have clashed with Mr Delort, a prominent figure in the French business establishment and the former chairman of Printemps, over his plans for the group. Pinault said in a statement yesterday that Mr Delort had resigned "at the request" of Mr Pinault.

After Mr Delort's departure Mr Pinault will replace him as president of the administrative board of the group.

Cariplo locked in talks over IMI terms

By Haig Simonian in Milan

THE BOARD of Cariplo, the country's biggest savings bank, was locked in talks on whether to buy into the Istituto Mobiliare Italiano, the financial services group.

The board meeting followed a late-night cabinet session on Sunday at which Mr Piero Barucci, the treasury minister, set out the government's final terms for the sale of its 50 per cent stake in IMI.

The government has set a L3,800bn (\$2.7bn) price on its holding, based on the lower end of a valuation made by S.G. Warburg, the UK merchant bank. A 42 per cent stake has been offered to Cariplo and Iccri, the organisation linking Italy's savings banks, with the remaining 8 per cent to be floated.

Rejection of the terms by Cariplo and Iccri would be a severe embarrassment for the government. The IMI sale was a first step in a wide-ranging privatisation plan, and the expected receipts form a major part of L7,000bn expected from privatisation this year.

Bankers widely expected the proposal, which is the latest twist in tortuous negotiations lasting two years, to be rejected by Cariplo and by Iccri, whose managing board meets today.

Cariplo and the savings banks have expressed reservations about the price, although somewhat lower than expected, and the payment terms.

East Asiatic in plant disposals

EAST ASIATIC, the Danish shipping, graphics and consumer products group, is to sell seven Plunrose meat preserve plants to foreign buyers as part of a plan to trim its overseas operations, Reuter reports from Copenhagen.

It said the move followed failure to reach agreement on a takeover of the plants by a Danish consortium consisting of Tulip International, Danish Crown and ESS-Food.

Assault on corporate Germany's defences

Corporate Germany is under fire - both from outside and from within its own ranks.

Two weeks ago a representative of Calpers, the big US pension fund, stood up at the annual meeting of RWE, a large German utility, and denounced the voting restrictions in place at dozens of leading German companies.

This was unprecedented - the first time that an important Anglo-Saxon fund had delivered such a critique at the annual meeting of a leading German company.

Equally unprecedented was the call last week from Mr Christian Strenger, the chief executive of DWS, the investment management arm of the Deutsche Bank and Germany's largest fund management company, for the introduction of voluntary rules to govern takeover activity in Germany.

The two issues are interrelated, as Mr Strenger made clear when he proposed that companies should give up their voting rights restrictions as a quid pro quo for embracing a voluntary takeover code and rules defining disclosure requirements.

The justification for the voting rights restriction - in place in one form or another at many large German companies including Deutsche Bank, the DWS parent, and introduced in the early 1970s amid fears that the crown jewels of German industry would be bought up by oil-rich countries - is that it is a company's only defence in the absence of formal rules setting out the way in

which bids should proceed.

This was exactly the argument used by Morgan Grenfell, Deutsche Bank's investment banking subsidiary, in its successful defence of the Continental tyre company against a foray from Pirelli. Continental has been able to preserve its independence to date because it has managed to keep voting restrictions in place, despite two attempts from shareholders to remove them.

This put Morgan Grenfell in

companies to make a full offer to all shareholders. It is standard practice in Germany for one company to win control of another by taking a simple majority or a blocking minority. This means that no premium is paid for corporate control and the value of remaining shareholders' holdings can be much diminished.

It was this concern which led to a battle this year between the management of Aachener und Münchener Beteiligungs

finalised on December 30 at a special meeting of AMB shareholders. But last-minute difficulties have emerged in the negotiations and it is possible that Fondiaria, the Italian group with 20 per cent of AMB's shares, could scupper the transaction by voting against it at the same meeting.

Analysts suspect that the Italian company feels aggrieved at being left in the position of minority shareholder, the value of its shares

But this raises the question of the role of the banks, particularly Deutsche Bank, the biggest bank and owner of numerous substantial portfolios in big German companies.

The official Deutsche Bank line is that it puts up with voting rights restrictions only because there is no takeover code. But critics say that the bank profits from the current state of affairs, being so much better informed about corporate developments because of its holdings and the supervisory board mandates which go with them. Why commit itself to equality between shareholders, when the current inequality works in its favour?

The European Community has drawn up a directive on takeovers and mergers, but it has yet to be ratified. Strenger says that would be serving its own interests by introducing a voluntary code long before the law comes into force.

In practice, it would take years for a voluntary code to take effect. Takeovers, especially hostile ones, are still regarded as profoundly anti-social in Germany, as witnessed by the fuss which accompanied the early stages of Krupp's move to win control of its steel rival Hoesch. German companies are likely to worry that a set of rules would simply encourage such behaviour.

At a time when companies are preoccupied with dealing with recession, it is unlikely that they will encourage anything which would make them vulnerable to takeover - even if that vulnerability works in the interests of shareholders.

David Waller examines the intensifying attacks on the country's system of voting rights restrictions

the embarrassing position of defending something which would be indefensible in the UK, its home market. In the UK, as in the US, it is a cardinal principle that all shareholders should be treated alike.

"Most countries in the world stick to the principle of one share one vote," said Mr Joseph Lufkin, the Calpers representative who was incensed at the voting anomalies in place at RWE. Germany's eighth biggest industrial conglomerate. For historical reasons, a group of local authorities owns 30 per cent of the company's shares - but wields 60 per cent of the votes.

"There is no reason why one shareholder should get better treatment than another just because he happens to be more of an insider than the others," said Mr Lufkin.

Strenger, like Lufkin, points to another inequity: the lack of any rule obliging acquiring

(AMB), Germany's second biggest insurance company, and Assurances Générales de France (AGF), a large state-owned French insurance group which accumulated 25 per cent of the German company in what was then interpreted as a hostile move.

The management then argued, with the help of S.G. Warburg, the UK investment bank, that the French company was trying to win control with the minimum outlay possible, and refused to recognise the full votes attached to the share stake.

The argument was subsequently settled when AGF helped find a buyer for AMB's stake in BIG Bank, the insurance company's troubled banking subsidiary. But not before the then chief executive resigned and S.G. Warburg resigned their mandate.

The sale of the bank to Crédit Lyonnais is due to be

diminished by the influence accorded to the French.

The AGF/AMB/BIG imbroglio highlights another way in which shareholders are ill-served by the current regulatory environment. There is minimal information about the details of a transaction which has been settled over the head of the shareholders in secret negotiations initiated by the companies' supervisory boards.

Information obligations are rudimentary. Take just disclosure of share stakes. In Germany a company does not have to disclose a shareholding until it reaches 25 per cent, compared with 3 per cent in the UK. This leaves shareholders - and companies - in the dark.

Mr Strenger proposes that companies should disclose holdings of 5 per cent, and that banks should help them to do this by reporting stake-building.

NatWest backs broking arm

By Robert Peston, Banking Editor

NATIONAL Westminster Bank said yesterday that its stock-broking business had emerged successfully from its two years probation and there was no longer any question of closing or selling the business.

However, it also said that the broker's name would be changed from County NatWest Securities to NatWest Securities from the beginning of the year.

The announcements were made by Dr Martin Owen, in his first interview as chief

executive of NatWest Markets, which groups together all the bank's investment and corporate banking businesses.

Dr Owen has been conducting a review of all NatWest Markets operations since he became chief executive in June. The outcome was particularly important for County NatWest, because Lord Alexander, NatWest's chairman, said in February 1991 that the securities business had two years to prove its worth.

"We have made a firm commitment to stay in equities," said Dr Owen.

UK pensions restructured

By Barry Riley in London

COURTAULDS Textiles is to restructure its pension scheme to reduce a surplus which has reached 55 per cent of liabilities on prudent assumptions.

The clothing manufacturer, demerged from the Courtaulds fibres and chemicals group in 1990, will increase benefits and withdraw £32m (\$48m) in cash for the company's benefit, although more than £12m of this will go in tax. These moves will cost £38m.

Observer, Page 12

Total wins gas auction

By William Dawkins in Paris

TOTAL, the French oil and gas group, has won control of more than 20 per cent of the Hungarian gas distribution market.

The group won a sealed bid auction against other western oil companies for two of Hungary's five state-owned gas distributors, Egaz and Kogaz, which supply the west of the country.

The price is confidential, but the deal gives Total control of deliveries of 70,000 tonnes of liquefied gas a year. The other five distributors have been sold to the Dutch group Pampag,

which operates as Primagaz. Hachette, the French publishing group, and CEP Communication, a publisher of business journals, yesterday sold Le Nouvel Economiste, a loss-making business magazine for FF600m (\$112m) in the latest change of ownership in the French press industry.

The buyer is Capital Media, a privately owned publisher of specialist magazines which will invest another FF600m into the venture. Le Nouvel Economiste was 65 per cent owned by Hachette and 35 per cent by CEP Communication, a subsidiary of the Havas media group.

This announcement appears in a matter of record only



The National Grid Company plc

Barclays de Zote Wedd was lead manager in the issue of £200,000,000 7 3/4 per cent bonds due 1998

DECEMBER 1992



European Investment Bank

Barclays de Zote Wedd was lead manager in the issue of £200,000,000 7 per cent notes due 1998

NOVEMBER 1992

UKRAINE

The FT proposes to publish this survey on January 28 1993. The survey will be sent by leading international businessmen in 160 countries worldwide. If you would like to promote your organisation's involvement in this important audience please contact:

Patricia Surridge in London
Tel: 071-873 3426
Fax: 071-873 3428
Nina Golovystenko in Moscow
Tel: (095) 243 19 57
Fax: (095) 251 24 57

FT SURVEYS

YEN 15,000,000,000
AKTIEBOLAGET SPINTAB (SWEDMORTGAGE)
Subordinated Floating Variable Rate Notes due 2002

Interest Rate 4.6825% p.a.
Interest Period December 21, 1992 March 19, 1993
Interest Amount due on March 19, 1993 per Yen 100,000,000 Yen 1,139,722
BANQUE GÉNÉRALE DU LUXEMBOURG
Agent Bank

NOTICE TO HOLDERS SECURITY PACIFIC AUSTRALIA LIMITED (A.C.N. 008 508 130) AUD \$60,000,000 GUARANTEED RETRACTABLE NOTES DUE 1995

Unconditionally guaranteed as to payment of principal and interest by BANKAMERICA CORPORATION as successor guarantor to Security Pacific Corporation.
NOTICE IS HEREBY GIVEN to holders of the above Notes that with effect from 4th DECEMBER 1992: (i) in accordance with Clause 9 (a) of the Fiscal Agency Agreement of 27 June 1985, The Fiscal Agency Agreement has been amended with Security Pacific Australia Limited being replaced by BANK OF AMERICA AUSTRALIA LIMITED (A.C.N. 004 617 341) (incorporated with limited liability in Victoria, Australia) as the party obligated under the Notes. The conditions precedent provided in clause 9 (a) of the Fiscal Agency Agreement and in Condition 12 of the Notes have been complied with; and (ii) in accordance with Clause (C) of the form of Guarantee endorsed on the Notes, BANKAMERICA CORPORATION (incorporated with limited liability in the State of Delaware, United States of America) has, as the successor corporation to Security Pacific Corporation, expressly assumed the performance of the Guarantees. The conditions precedent provided in Clause (C) of the form of Guarantee and in Condition 12 of the Notes have been complied with.
All further notices regarding this issue will refer only to Bank of America Australia Limited as issuer and BankAmerica Corporation as guarantor.
FISCAL AND PRINCIPAL AGENT - BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION (London Branch) as Fiscal Agent on behalf of BANK OF AMERICA AUSTRALIA LIMITED.
Dated: London 22nd December 1992

COMPAGNIE BANCAIRE

\$300,000,000
Floating rate notes due 1995 Initial Tranche \$200,000,000
For the interest period 18 December 1992 to 18 March 1993 the notes will bear interest at 7.30465% per annum. Interest payable on 18 March 1993 per \$100,000 note will amount to \$1,801.16
Agent: Morgan Guaranty Trust Company
JPMorgan

NOTICE to the holders of outstanding U.S. \$30,000,000 1 1/4 per cent. Convertible Bonds Due 2002 of Goldstar Co., Ltd. (the "Bonds" and the "Company" respectively)

NOTICE IS HEREBY GIVEN to the holders of the Bonds that, as a result of the issue by the Company 11,300,000 common stock of the Company described in the Notice given to the holders of the Bonds on 5th October, 1992, the existing Conversion Price per share of common stock of the Company has, pursuant to the provisions of the Trust Deed constituting the Bonds, been adjusted from W39.551 to W27.824 with effect from 8th October, 1992.
22nd December, 1992 Goldstar Co., Ltd.

NBD BANCORP. INC

US\$100,000,000
Floating rate subordinated notes due 2005
Notice is hereby given that for the interest period 22 December 1992 to 22 March 1993 the interest rate has been fixed at 5.25%. Interest payable on 22 March 1993 will amount to US\$131.25 per US\$10,000 note.
Agent: Morgan Guaranty Trust Company
JPMorgan

Minebea Co., Ltd.
Yen 23,000,000,000
Floating Rate Notes 1995
Interest Rate 5.1% per annum
Interest Period From 21st December, 1992 to 21st June, 1993
Interest Amount due 21st June, 1993 per Yen 10,000,000 Yen 254,301
The Sumitomo Trust & Banking Co., Ltd.
Agent Bank

TOP FINANCE (BERMUDA) LTD
US \$15,000,000
FLOATING RATE NOTES DUE 1999
Notice is hereby given that for the interest period from 21 December 1992 to 21 June 1993 the Notes will carry an interest rate of 3.750% per annum.
CHEMICAL BANK as Agent Bank

Shimizu International Finance (USA), Inc
Yen 5,000,000,000
Tranche A Floating Rate Notes Due 1996
In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 22nd March, 1993 has been fixed at 4.1625% per annum. The interest accruing for such three month period will be Yen 10,406,250 per one Billion Note on 22nd March, 1993 against presentation of Coupon No. 2.
Union Bank of Switzerland London Branch Agent Bank
18th December, 1992

Notice of Redemption European Coal and Steel Community US\$100,000,000 9 1/4% Bonds Due 1998

NOTICE IS HEREBY GIVEN that, pursuant to the terms and conditions of the Bonds, Citibank, N.A. as Principal Paying Agent, has selected by lot for redemption on January 22nd, 1993 US\$20,000,000 principal amount of said Bonds, at the redemption price of 100% of the principal amount in satisfaction of the January 22, 1993 mandatory redemption. Bonds selected by lot for redemption are as follows:
Bond Denomination US\$5,000.
Outstanding Bonds bearing serial numbers ending in any of the following two digits:
07 14 22 28 31 33 35 46 51 54
57 62 69 70 71 73 74 89 91 95
Payment will be made upon surrender of Bonds together with all coupons maturing after the date fixed for redemption, at the office of the Paying Agents as shown on the Bonds. Coupons maturing on January 22, 1993 should be presented and presented for payment in the usual manner. On and after January 22nd, 1993 interest on the Bonds will cease to accrue and unredeemed coupons will become void.
The following Bonds drawn for redemption in February 1992 have not yet been presented for payment:
06 24 63 440 467 561 563
Outstanding after January 22nd, 1993 US\$80,000,000.
December 22, 1992
By: Citibank, N.A. (Issuer Services)
London, Principal Paying Agent
CITIBANK

NOTICE to the holders of outstanding 3 1/4 per cent. Convertible Bonds Due 2006 of GOLDSTAR CO., LTD. (the "Bonds" and the "Company" respectively)

NOTICE IS HEREBY GIVEN to the holders of the Bonds that pursuant to a resolution passed at a meeting of the Board of Directors on 18th December 1992 the Company has declared a stock dividend to holders of its common stock and of its preferred stock registered on the shareholders list as of 31st December, 1992. Under mandatory provisions of Korean law, the proposed dividend will be submitted for approval to a general meeting of shareholders to be held on 27th February, 1993.
A further Notice will be given to the holders of the Bonds or any adjustment to the Conversion Price in relation to the Bonds as a result of such stock dividend.
22 December, 1992
By: Citibank, N.A. (Issuer Services)
CITIBANK

¥50,000,000,000
Province de Québec
Floating Rate Notes Due 1999
Notice is hereby given that for the interest period from December 22, 1992 to March 22, 1993 the interest rate will carry an interest rate of 4.0125%. The interest payable on the relevant interest payment date, March 22, 1993 will be ¥5,015,625 per ¥500,000,000 nominal amount.
By: The Chase Manhattan Bank, N.A. London Agent Bank
December 22, 1992
CHASE

CREDIT D'EQUIPEMENT
DES PETITES ET MOYENNES ENTREPRISES
£35,000,000
11% Guaranteed Bonds 1995
(Convertible at holders' option into U.S. Dollar denominated Guaranteed Floating Rate Notes 1995)
For the period 1st December, 1992 to 21st June, 1993 the Floating Rate Notes will carry an interest rate of 5 1/4% per annum and coupon amount of U.S. \$41.14 per U.S. \$1,500 Note, payable on 21st June, 1993.
Bankers Trust Company, London
Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

IBM seeks help from two retired vice-chairmen

By Alan Cane

MR JOHN Akers, beleaguered chairman of IBM, the US computer company, has recalled two highly experienced former vice-chairmen to help the company through its most challenging crisis.

He told senior staff late last week that he had asked Mr. Paul Rizzo and Mr. Kaspar Cassani, both several years over IBM's statutory retirement age of 60, to become consultants to the company from January 1.

IBM lost money last year and looks certain to do so again this year principally from the cost of successive waves of redundancies as the company attempts to match its overheads to reduced business expectations. Last week Mr. Akers said there would be a further 25,000 job losses costing about \$60m in 1993.

The two former executives

will act in an advisory capacity and will not become employees of IBM.

IBM's rule on retirement has been broken more and more frequently in recent years as the company has sought to hold on to the expertise of its most experienced officers. Mr. Cassani, who was chairman of IBM World Trade for Europe, Middle East and Africa before his move to IBM's Armonk headquarters as vice-chairman in 1988, was one of the first to have his tenure extended.

Since retiring from IBM in the late 1980s, both men have taken up posts in education. Mr. Rizzo is dean of the school of business administration at the University of North Carolina and Mr. Cassani is first chairman of the Swiss business school formed from the merger of IMD and Imeda. It is not clear whether they will continue to hold their academic roles.

Mr. Akers said that Mr. Rizzo would work directly with him in the US, while Mr. Cassani would work with Mr. Renato Riviero, head of IBM Europe.

It is expected that Mr. Cassani's advice is being sought over the "segmentation" process at IBM, dividing the company into smaller, semi-autonomous business units. Mr. Cassani introduced decentralised decision-making while head of Europe long before the US followed suit.

The appointments inevitably throw up questions about the succession at the top of IBM. While Mr. Akers has been criticised for IBM's problems, there has been no serious challenge yet to his authority either from fellow board members or investors. The new appointments will render Mr. Akers less isolated but at the same time more protected from rival bids for his job.

VW may take stake in Japanese car importer

By Emiko Terazone in Tokyo

TRADING in shares of Jax, the importer and distributor of Renault cars in Japan, was suspended yesterday on reports that Volkswagen of Germany is acquiring a significant stake in the financially troubled dealer group.

VW has been looking for an alternative network to replace a long-standing partnership with the Yamahe car distribution group which is ceasing from the end of this year.

Renault, meanwhile, is investigating the use of the Japanese sales network of its partner Volvo, with which it has cross-shareholdings.

Volvo has already expressed its readiness to help Renault. Volvo set up Volvo Cars Japan as a wholly-owned subsidiary in 1986, at about the same time as Renault was concluding its deal with Jax.

Tokyo-based Jax, whose shares are traded over the counter, described the deal as a "tie up", but reports suggested it would issue new shares for allotment to VW, which will eventually hold a 30 to 40 per cent stake.

VW itself acknowledged last night that links with Jax were in prospect but made no details available.

Jax is currently the sole distributor for Renault, but has seen sluggish sales due to the fall in consumer spending.

The company posted a pre-tax loss of ¥968m (\$7.65m), on a 3.2 per cent fall in sales, for the six months to June, and overall borrowings totalled 91.6 per cent of its assets at the end of last June.

According to the Japan Automobile Importers' Association, imported car sales are expected to fall 8.7 per cent from the previous year to 180,000 units.

PNG pledge steadies mining shares

By Kevin Brown in Sydney

SHARES in Australian mining companies steadied yesterday after the government of Papua New Guinea undertook not to use expropriation to increase its stake in mining projects.

Shares in mining groups with PNG interests have tumbled on the Australian stock exchange since a coalition government led by Mr. Palai Wingti was elected in July.

The government has taken a tougher line against foreign mining interests than the previous administration of Mr. Rabbie Namah, and has said it intends to increase government holdings in big projects.

However, Senator Gareth Evans, the Australian foreign minister, said PNG ministers at an Australia-PNG ministerial forum in Tasmania over the weekend had promised to do everything possible to restore investor confidence.

"The PNG government was certainly interested in pursuing more equity in at least some of these projects [but had undertaken that] under no circumstances would there be any expropriation to achieve that," he said.

Senator Evans said PNG ministers at the conference had acknowledged that "things had got to an uncomfortably high temperature," and were keen to reach an accommodation with the industry.

Shares in CRA, the Australian group which owns the Panguna copper mine on Bougainville island, rose 40 cents to A\$13.34 after Mr. Evans' statement. PNG ministers had suggested that CRA might not be allowed to reopen the mine, which has been closed by secessionist violence.

The undertaking also steadied shares in the Porgera gold mine, which fell heavily following PNG's announcement of plans to increase its stake from 10 per cent to 30 per cent.

Placer Pacific closed three cents higher at A\$1.22, and Renison Goldfields closed 12 cents higher at A\$2.80. Highlands Gold, a PNG-registered subsidiary of MIM Holdings, closed one cent lower at 63 cents.

Mr. John Kaputin, PNG foreign minister, indicated that the government would tone down future comments on the mining industry. "It is not good for everyone to be bicker-

ing through the media," he said. "It will not help anyone and it will certainly not help the value of the shares on the stock market."

The PNG government has claimed that officials were misled by the joint venture partners about the profitability of the Porgera project, which is one of the world's largest gold mines.

Mr. Masket Langallo, the mining minister, has said that PNG restricted its holding to 10 per cent because the joint venture partners convinced the then government that the mine would be a marginal project.

Porgera began production in September 1990. It is expected to produce about 900,000 oz of gold a year until 1996, but is likely to produce 1.4m oz in the current year.

rejected unanimously by the board.

Schroders estimated Siddons total worth at between A\$120m (US\$82.7m) and A\$139m. Pacific BBA's cash and paper bid values the company at A\$86m. The cash offer from W. A. Deutscher values it at A\$90m.

Schroders forecast that Siddons' sales would increase to A\$188m this year from A\$163m in 1991-92, while operating profit after tax but before abnormals and extraordinary would rise to A\$7.1m from A\$3.2m. Siddons shares closed four cents higher at A\$1.96.

PT Astra chairman to quit

PT Astra International's chairman, who has been blocking the company's takeover by a group of leading Indonesian businessmen, will resign today, Reuters reports from Jakarta.

The Soerodjaya family has been forced to sell its controlling stake in Astra, Indonesia's second largest private company, to bail out another family-owned company, the Summa Group, which has run up losses estimated at more than \$800m.

Analysts said Mr. Sumitro Djojohadikusumo had become a stumbling block to bids for Astra by two consortia. One is led by timber tycoon Mr. Prayogo Pangestika and the other by Mr. Sumitro's son, Mr. Hasjim Djojohadikusumo.

Mr. Sumitro said earlier he preferred pension funds to buy the shares.

He said Toyota Motor, the Japanese car maker which owns 51 per cent of Astra's main company, PT Toyota Astra Motors, was worried by the sale of 108m shares or 44.5 per cent of Astra to Mr. Prayogo.

His consortium includes Mr. Liem Sioe Liong, whose PT Indomobil Utama assembles Suzuki Motor vehicles and competes with Astra.

PWA plans to issue new stock

By Robert Gibbons in Montreal

PWA, parent of struggling Canadian Airlines, has sent a draft restructuring plan to its senior creditors proposing to settle C\$506m (US\$397m) of claims by issuing new common stock.

However, airline analysts are sceptical about the proposal, saying acceptance is unlikely unless American Airlines, which has offered to invest C\$246m for a 25 per cent interest in PWA, is fully committed and other aspects of the

restructuring plan are in place. PWA, under the weight of the airline's operating losses and heavy financial charges, took the first step in its restructuring last month.

It suspended all the non-operational payments, such as money owed to its lenders and equipment lessors, to conserve cash. The airline continues normally but capacity has been cut 15 per cent.

Last Friday Alberta and British Columbia together provided a C\$70m loan guarantee on top of a Federal government guarantee of C\$50m. But these

can support PWA's cash needs only through mid-January, analysts say.

The equity swap is the centrepiece of a full corporate restructuring promised by PWA late in February.

Mr. Rhys Eytan, chairman, said that together with concessions offered by the 15,000 employees worth C\$200m over four years, PWA will be ready to complete the link-up with American Airlines. However, PWA had not explained how it would deal with American's condition that it switch computer reservations systems.

Procter & Gamble in Russian deal

By Nikki Tall in New York

PROCTER & Gamble, the Cincinnati-based consumer products group, has reached an agreement which will lead to the manufacture of P&G detergent products in Russia.

The announcement comes as some big US consumer product companies are delaying expansion plans in the former Soviet Union because of the turbulent

situation there and lack of infrastructure. P&G stressed that the detergent deal does not have significant financial implications.

The agreement has been signed with PO Novomoskovskiykhim, a state-owned industrial complex at Novomoskovsk, about 130 miles south of Moscow. The agreement provides for P&G to supply detergent formulations

and technical assistance. P&G, whose detergent brands include Ariel, Mr. Proper and Dash, has been selling products in St Petersburg for about a year through a joint venture with the university there. The products, however, are made in Europe and imported. Under the new agreement, the products will be made at the Novomoskovsk plant.

Correction

Revco

THE subscription price for shares in the Revco rights issue is \$8. The figure was incorrectly reported in the FT last week.

Siddons Ramset urges bid snub

By Kevin Brown

SIDDONS Ramset, the Australian hardware and fasteners group, yesterday urged shareholders to reject competing takeover offers from BBA, the UK toolmaker, and Illinois Tool Works, the US engineering group.

In a formal response to BBA, Siddons said an independent valuation by Schroders Australia had valued the company's stock at between A\$2.60 and A\$3, representing a significant premium to both offers.

Mr. Roger Flynn, managing

director, said the A\$1.81 a share offer by BBA, made through its subsidiary Pacific BBA, was totally inadequate and had been rejected unanimously by the board.

Mr. Flynn said Pacific BBA "does not appear to be serious about its cash and paper offer" which has been overbid by a cash offer of A\$2 a share from W. A. Deutscher, an Australian subsidiary of Illinois Tool.

He said Pacific BBA "must decide soon whether they are up or out". However, ITW's offer was below the full value of the company and had been

rejected unanimously by the board.

Schroders estimated Siddons total worth at between A\$120m (US\$82.7m) and A\$139m. Pacific BBA's cash and paper bid values the company at A\$86m. The cash offer from W. A. Deutscher values it at A\$90m.

Schroders forecast that Siddons' sales would increase to A\$188m this year from A\$163m in 1991-92, while operating profit after tax but before abnormals and extraordinary would rise to A\$7.1m from A\$3.2m. Siddons shares closed four cents higher at A\$1.96.

Investment in Chilean copper rises

By Leslie Crawford in Santiago

PLACER Dome, the Canadian resources group, Minorco, the Luxembourg-based investment company, and its parent, the Anglo American Corporation of South Africa, have bought stakes in two leading copper projects in Chile.

Minorco yesterday said Minera Mantos Minorco had completed the acquisition of a third of a big Chilean copper project, Collahuasi. Minera Mantos Minorco, a new company 50.1 per cent owned by Minorco with the rest owned by Empresa Minera de Mantos

Blacons, in turn controlled by Anglo American, is to pay about \$190m to acquire the stake from Chevron, the US oil group. Royal Dutch/Shell and Falconbridge, share equally the other two thirds of Collahuasi deposit.

Minorco believes Collahuasi's start-up date will be 1996-97.

In a separate deal, Placer Dome has paid \$100m to Outokumpu Copper Resources of Finland for a 50 per cent interest in the Zaldívar copper deposit in the Atacama desert. Placer Dome has also agreed to provide loan financing of up to \$400m towards the estimated

\$500m cost of constructing a mine and treatment facility.

The partners expect to complete Zaldívar's feasibility studies by the middle of next year. If they decide to proceed with the project, the mine is scheduled to begin production in 1995.

The acquisitions underscore Chile's leading position as a Mecca for mining multinationals. The Chilean Copper Commission, Cochilco, estimates mining companies will invest almost \$6m before the end of the decade to tap the country's vast mineral wealth. Nowhere else in the world are there so many projects close to fruition.

New Issue

December, 1992

This announcement appears as a matter of record only.



SUNKYONG INDUSTRIES LIMITED

U.S.\$25,000,000

5% PER CENT. BONDS DUE 1997 WITH WARRANTS

ISSUE PRICE 100 PER CENT.

Nikko Europe Plc

SsangYong Investment & Securities Co., Ltd.

Chemical Investment Bank Limited
Daewoo Securities Co., Ltd.J. Henry Schroder Wagg & Co. Limited
Kleinwort Benson LimitedBarclays de Zoete Wedd Limited
Bayerische Vereinsbank Aktiengesellschaft
Daiva Europe Limited
Korea Development Securities Co., Ltd.
Swiss Bank CorporationBaring Brothers & Co., Limited
Daeyu Securities Co., Ltd.
Hanshin Securities Co., Ltd.
J.P. Morgan Securities Asia Ltd.
Tong Yang Securities Europe Limited

NOTICE TO THE HOLDERS OF WARRANTS OF



Sumitomo Rubber Industries, Ltd.

U.S.\$100,000,000 5 per cent. Guaranteed Bonds
Due 1996 with Warrants (the "Warrants")

Pursuant to Clauses 3 and 4 of the Instrument (the "Instrument") dated 25th July, 1991 relating to the above issue, notice is hereby given as follows:

Sumitomo Rubber Industries, Ltd. has made an issuance of Swiss Francs 200,000,000 2% per cent. Swiss Franc Notes due 17th December, 1996 with Warrants on 17th December, 1992 (Swiss time) at the initial Exercise Price of Yen 831 per share which is less than the current market price per share of Yen 856 calculated as provided in the Instrument.

As a result of such issuance and pursuant to Clause 3 of the Instrument, the Subscription Price of the Warrants has been adjusted from Yen 671 to Yen 668.90, effective as of 18th December, 1992 (Japan time).

Sumitomo Rubber Industries, Ltd.
By: The Sumitomo Bank, Limited
as Principal Paying Agent

22nd December, 1992

THE STARS PROGRAMME
STARS 1 PLC£475,000,000 Class A Floating Rate
Mortgage Backed Securities 2029

Notice is hereby given that the Principal outstanding on the subject issue for the interest period December 29, 1992 to March 29th, 1993 will be £226,450,000.00.

The Principal amount outstanding for each note remains at £10,000.

December 22, 1992, London

By: Citibank, N.A. (Issuer Services), Agent Bank

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RESIN LINEAL, RESILIN, C.A.
\$290,000,000

Limited Recourse Financing
for a Polyethylene Facility
in El Tablazo, Venezuela

The undersigned acted as financial advisors
to CETIC, a project sponsor, and ABB Lummus
Crest, the turnkey contractor, and assisted in
developing and structuring the transaction, as
well as syndicating the debt.

ABB Project & Trade Finance

U.S. \$200,000,000

B.B.L. International N.V.

Floating Rate Notes Due 2001
Guaranteed on a Subordinated Basis
as to payment of principal and interest by



Banque Bruxelles Lambert S.A./
Bank Brussel Lambert N.V.

Interest Rate 3.7375% per annum

Interest Period 22nd December 1992
22nd June 1993

Interest Amount due
22nd June 1993
per U.S. \$ 10,000 Note U.S. \$ 188.95
per U.S. \$250,000 Note U.S. \$4,723.78

Credit Suisse First Boston Limited
Agent

U.S. \$165,000,000
Parkdabrea Finance
Corporation
Guaranteed Floating Rate
Bonds due 1998

Bondholders are advised that for the six
months interest period from December
22, 1992 to June 22, 1993 the Bonds will
carry an interest rate of 3 3/4% per
annum. The amount payable on June 22,
1993 will be U.S. \$196.00 per U.S.
\$10,000 principal amount.
By: The Chase Manhattan Bank, N.A.
London, Agent Bank
December 22, 1992

U.S. \$150,000,000
MARINE MIDLAND
BANKS, INC.
Floating Rate
Subordinated Notes Due 2009

Interest Rate 5 1/2% per annum
Interest Period 22nd December 1992
22nd March 1993
Interest Amount due
22nd March 1993
per U.S. \$10,000 Note U.S. \$187.25
per U.S. \$250,000 Note U.S. \$4,681.25
By: Citibank, N.A. (Issuer Services), Agent Bank
December 22, 1992

INTERNATIONAL CAPITAL MARKETS

German prices rise on interest rate hopes

By Sara Webb in London
and Patrick Harverson
in New York

GERMAN government bond prices rose on hopes of lower interest rates after Mr Theo Waigel, the finance minister, was quoted in the press saying that a cut in interest rates would be the most effective single measure to revive the German economy.

The *Life* bond future contract crept up from 91.77 to a high of 91.97 before ending the

GOVERNMENT BONDS

day at around 91.95, but volume was low at about 9,500 contracts.

Two of the German states reported their inflation figures for the month to mid-December yesterday. The cost of living in Bavaria climbed 0.2 per cent in the month to mid-December from mid-November, giving a year-on-year rise of 4.0 per cent. In Baden-Württemberg, prices rose 0.2 per cent in the month, giving a year-on-year increase of 3.5 per cent.

Last week, Hesse announced a 0.2 per cent rise month-on-month, giving a year-on-year

BENCHMARK GOVERNMENT BONDS

Coupon	Rate	Price	Change	Yield	Week	Month
10.000	10/02	105.8005	-0.004	8.54	8.84	8.91
8.750	09/02	104.8500	-0.004	8.54	8.84	8.91
8.500	08/02	103.8500	-0.004	8.54	8.84	8.91
8.250	07/02	102.8500	-0.004	8.54	8.84	8.91
8.000	06/02	101.8500	-0.004	8.54	8.84	8.91
7.750	05/02	100.8500	-0.004	8.54	8.84	8.91
7.500	04/02	99.8500	-0.004	8.54	8.84	8.91
7.250	03/02	98.8500	-0.004	8.54	8.84	8.91
7.000	02/02	97.8500	-0.004	8.54	8.84	8.91
6.750	01/02	96.8500	-0.004	8.54	8.84	8.91
6.500	12/01	95.8500	-0.004	8.54	8.84	8.91
6.250	11/01	94.8500	-0.004	8.54	8.84	8.91
6.000	10/01	93.8500	-0.004	8.54	8.84	8.91
5.750	09/01	92.8500	-0.004	8.54	8.84	8.91
5.500	08/01	91.8500	-0.004	8.54	8.84	8.91
5.250	07/01	90.8500	-0.004	8.54	8.84	8.91
5.000	06/01	89.8500	-0.004	8.54	8.84	8.91
4.750	05/01	88.8500	-0.004	8.54	8.84	8.91
4.500	04/01	87.8500	-0.004	8.54	8.84	8.91
4.250	03/01	86.8500	-0.004	8.54	8.84	8.91
4.000	02/01	85.8500	-0.004	8.54	8.84	8.91
3.750	01/01	84.8500	-0.004	8.54	8.84	8.91
3.500	12/00	83.8500	-0.004	8.54	8.84	8.91
3.250	11/00	82.8500	-0.004	8.54	8.84	8.91
3.000	10/00	81.8500	-0.004	8.54	8.84	8.91
2.750	09/00	80.8500	-0.004	8.54	8.84	8.91
2.500	08/00	79.8500	-0.004	8.54	8.84	8.91
2.250	07/00	78.8500	-0.004	8.54	8.84	8.91
2.000	06/00	77.8500	-0.004	8.54	8.84	8.91
1.750	05/00	76.8500	-0.004	8.54	8.84	8.91
1.500	04/00	75.8500	-0.004	8.54	8.84	8.91
1.250	03/00	74.8500	-0.004	8.54	8.84	8.91
1.000	02/00	73.8500	-0.004	8.54	8.84	8.91
0.750	01/00	72.8500	-0.004	8.54	8.84	8.91
0.500	12/99	71.8500	-0.004	8.54	8.84	8.91
0.250	11/99	70.8500	-0.004	8.54	8.84	8.91
0.000	10/99	69.8500	-0.004	8.54	8.84	8.91

Source: London Clearing, "New York morning session". Yields: Local market standard. Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents).

Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

increase of 4.2 per cent.

ELSEWHERE in Europe, French government bonds closed slightly higher as pressure on the French franc eased slightly in the foreign exchange markets.

The Bank of France left the intervention rate unchanged at 5.10 per cent at its securities repurchase tender, but kept market conditions tight by draining FF2.4bn in liquidity from the system.

After a lacklustre start, US Treasury prices posted solid gains in thin trading yesterday morning as the market prepared for the week's note auction.

The 8 1/2 per cent bond due 2003 opened with a yield of 8.29 per cent and ended at 8.27 per cent. On the Matif futures exchange in Paris, the March bond futures contract rose from 111.12 to 111.30 although volume was light ahead of the Christmas holiday.

UK GOVERNMENT bonds drifted lower in very thin pre-holiday trade, with the Life

FT FIXED INTEREST INDICES

	Dec 21	Dec 18	Dec 17	Dec 16	Dec 15	Year ago	High *	Low *
Govt Secs (JUL)	93.54	93.73	93.87	93.57	93.50	98.54	95.54	95.11
Fixed Interest	109.05	109.02	108.96	108.81	108.76	96.91	110.26	97.15
Basis: 100: Government Securities 15/10/26; Fixed Interest 1928.								
* for 1952: Government Securities 122.40 (3/1/55) , low 49.18 (3/1/75)								
Fixed interest accumulation 119.26 (12/1/82), low 50.63 (3/1/75)								

Ivory & Sime rises to £2.27m

By Philip Cogger,
Personal Finance Editor

IVORY & SIME, the fund management group, has announced an 8.5 per cent rise, from £2.09m to £2.27m, in pre-tax profits for the six months to October 31.

The Edinburgh-based group is increasing its interim dividend by 40 per cent, from 1.35p to 1.75p, as part of a strategy of reducing the disparity with the final. The board said the final would be not less than last year's 4.5p.

Funds under management were stable at £2.95bn, with the effect of rising stock markets offsetting the loss of some client funds, such as the Ensign Trust contract. About half of

that total was in investment trusts, and a quarter in pension funds.

In November Ivory & Sime acquired a direct marketing company called McColl McGee, which will help develop its investment trust business.

Mr David Newbould, chairman, said that earnings per share, up 19 per cent from 4.15p to 4.94p, had benefited "from continued attention to cost control and tighter management of working capital". Administrative expenses fell from £5.14m to £4.6m, while interest and investment income rose from £437,000 to £581,000. The company also bought 2.5m of its own shares, for cancellation, during the period.

Faupel rises to £0.4m on back of lower interest

By Peter Pearson

AN INTEREST charge reduced from £402,000 to £368,000 enabled Faupel Trading Group, the USM-quoted textile importer, to lift pre-tax profits from £211,000 to £269,000 in the six months to September 30.

A fall in interest payable also lay behind the pre-tax rise in the year to end-March, after operating profits slipped to £1.5m (£2.0m). This time they eased £6,000 to £1.01m on turnover above at £19.9m (£12.1m).

Mr Ian Brown, chief executive, said that lower rates and the fact that Faupel's imports were financed on trust receipts on dollar rates accounted for the interest fall.

Sales during the summer were "generally patchy", according to Mr Michael Molloy, chairman. Mr Brown added that the public's general

lack of confidence had led to an uncertain performance at retail level with a "disappointing pre-Christmas run".

When asked about any upturn at the year-end, Mr Brown had said he had seen half a robin on the lawn, but that it flew away. He said yesterday that so far it had not returned.

Household textiles, which accounted for about one-third of group turnover, performed above expectations, though with "tight margins" at the lower price end.

Within garments, which accounted for the other two-thirds, the contract sales division, which supplied customers such as BHS, Harrods, Empire Stores and GUS, had difficulties getting "clients to call in stock on due time".

Earnings were unchanged at 5.19p per share, as was the interim dividend at 1.85p.

Impending classification changes in the London Share Service

A series of changes to the classifications of companies listed on the London Stock Exchange was made at the last quarterly meeting of the FT-Actuaries Indices Classification Sub-Committee.

As a result, the following stocks will be moved to new categories in the London Share Service with effect from January 4 1993.

British Thornton to Miscellaneous (FT-A sector 48) from Electronics (FT-A sector 5); Pitavalton to Food Re-

tailing (26) from Miscellaneous (48); Hobson to Miscellaneous (48) from Engineering-General (7); RPS Group to Property (69) from Miscellaneous (48); Silvermines to Electricals (4) from Engineering-General (7); Somerset Trust to Other Financial (70) from Investment Trusts (84); Tamaris to Health & Household (27) from Miscellaneous (48); Time Products to Business Services (41) from Miscellaneous (48); Tomkins to Conglomerates (43) from Other Industrials (10).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Faupel Trading 5% Int	1.05	Feb 15	1.85	-	4.8
Fletcher King	0.5	Mar 1	0.5	-	1
Ivory & Sime	1.75	Jan 29	1.25	-	5.75
TR High Income	1.46	Dec 31	1.4	-	6

Dividends shown pence per share net except where otherwise stated. *On increased capital. *USM stock. *Fourth interim making 4.8p so far this year.

First cracks appear in the standards-setting machinery

Rule bending in accounting. Andrew Jacks reports

DAVID Tweedie, chairman of the Accounting Standards Board, has been highly animated in the last few days. The reason is not his usual senility, but a growing anger at the first cracks have started to appear in the standards-setting machinery over which he presides.

Just a little over two years since the ASB was created, companies are starting to show signs of bending the new rules to suit their own purposes - while their auditors turn a blind eye.

Last week the ASB issued a statement on the way in which some companies are interpreting a ruling from its urgent issues task force on the treatment of goodwill on the disposal of an acquisition. Its implications are far wider.

"As with accounting standards it is important when applying task force abstracts to be guided by the spirit and reasoning - so as to achieve their underlying purpose," it stressed.

"I'm furious," says Mr Tweedie. "I thought we could get away from this approach. I have told the profession that they can either play the game and get short standards, or play by the letter of the law and they will get monster standards."

The problem dates back almost a year, when the task force issued its third abstract concerning the treatment of goodwill - the difference between the purchase price of an acquisition and its net asset value.

The ruling said that from January 23 this year, companies would have to pass through the profit and loss account the goodwill of a business when they disposed of it. That caused considerable consternation among businesses, since the amounts involved were substantial and many companies had previously simply buried the gain or loss in reserves.



David Tweedie: getting angry with the rule-benders

So many voiced concern at the proposals and the speed at which the abstract was to become mandatory that the ASB was forced to allow greater time for consultation on future pronouncements.

But that was clearly not enough for many companies. Company Reporting, the Edinburgh-based monthly monitoring service of annual reports, began to highlight divergences from the ruling in the autumn.

Others were drawn to the ASB's attention from other sources. Audit partners in the largest accounting firms warned that more clients were on the brink of adopting the same approach if no action was taken.

Last week's statement from the urgent issues task force stresses two points in response to alternative treatments beginning to appear:

● The goodwill element should be included as part of a single number showing the profit or loss on disposal, not distanced from it as a separate item.

● There should not be a credit to the profit and loss account before the deduction of dividends which is equal to the

amount of goodwill on disposal. There should be no implication through devices such as a sub-total that profit is calculated after re-instating the goodwill.

Among those adopting alternative approaches was Enterprise Computer Holdings. Its accounts for the 15 months to March 31 show separate extraordinary losses of £1.1m for sale and closure of subsidiaries, and £23.1m for purchased goodwill written off to reserves. It also breaches the second ASB point by showing a gain of £23.1m on the profit and loss account after dividend payments entitled "reinstatement of goodwill written off above".

Racal Electronics - audited by Touche Ross - showed an extraordinary loss of £23.8m in its latest accounts. That is explained at the bottom of the profit and loss account, with separate lines showing a £1.1m loss on disposal and closure of businesses, and £12.2m on acquisition goodwill written off in prior years.

Hickson International - audited by Price Waterhouse - shows exceptional and extraordinary losses. The notes on both items listed goodwill separately from disposal profits and losses. A statement of retained earnings on the profit and loss account shows a reinstatement of £8.7m of goodwill.

Haina also audited by Price Waterhouse - shows a £1.1m extraordinary debit, itemised as a £437,000 loss before goodwill adjustment and a goodwill adjustment of £568,000. It then reinstates the goodwill after profits and before a prominently displayed final "profit" figure.

Companies bending the rules on goodwill in the future may well end up before the financial reporting review panel, and their auditors before their professional bodies. Both will face highly detailed rules if they continue to ignore the spirit of ASB standards.

Adam may take legal action

By James Buxton, Scottish Correspondent

ADAM & CO, the private Edinburgh-based bank which lost more than twice its capital in unauthorised foreign exchange dealing, is contemplating litigation against KPMG Peat Marwick, its auditors who were replaced at the annual meeting yesterday by Ernst & Young.

Sir Charles Fraser, chairman, said the bank had been advised that there was a prima facie case against Peat Marwick in whom the board had lost confidence. "I don't think anyone would be surprised that [litigation] is a possibility," he said.

In September Adam & Co revealed that it had lost £21m

in irregular operations on behalf of a client by two foreign exchange dealers in its London branch. Although the bank's £10m capital was wiped out, it was immediately rescued by Mrs Francoise Schlumberger Primat, a 75-year-old director and principal shareholder who injected £21m.

Although two foreign exchange dealers have been sacked no one has left the board as a result of the affair and shareholders re-elected it at yesterday's relatively peaceful meeting.

But Mr David Simpson, general manager (investment) of Standard Life which is a shareholder in Adam & Co, questioned whether it was right that the bank's senior management should remain in place

after the loss.

The annual report, he said, stated that "the basis of the problem (leading to the loss) lay in the expansion into an area of business with which management was unfamiliar, as a result of which the correct controls for that particular business were not put in place at the time."

He also quoted a letter which Peat Marwick gave to shareholders in which it said: "It now appears that [Adam & Co's] control mechanisms over foreign currency transactions were not properly operated by management." In previous years they had recommended strengthening controls. "These recommendations were accepted but not fully implemented," Peat Marwick wrote.

OMRON CORPORATION

Advance has been received from Tokyo Post of a Cash Dividend of Yen 6.50 per share has been made for the month ending 30th September 1992.

The dividend will be payable in United States Dollars (except to residents of the United Kingdom) and will amount to \$0.25 per share (except to residents of the United Kingdom) who are subject to deduction of any Japanese Withholding Tax.

RESIDENTS OF THE UNITED KINGDOM will receive payment in sterling converted at the rate of exchange ruling on the day of presentation of the coupon.

RESIDENTS OF THE FOLLOWING COUNTRIES who are subject to deduction of Japanese Withholding Tax at the reduced rate of 10% will receive a dividend of \$0.22 per share (except to residents of the United Kingdom) who are subject to deduction of any Japanese Withholding Tax.

RESIDENTS OF THE REPUBLIC OF KOREA who are subject to deduction of Japanese Withholding Tax at the reduced rate of 10% will receive a dividend of \$0.22 per share (except to residents of the United Kingdom) who are subject to deduction of any Japanese Withholding Tax.

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Banco Zaragozano	MWM
Barcelona Olympics (COOB '92)	NATO
Baring Asset Management	Norwegian Civil Aviation Administration
Belgacom	Norwegian Union
Benetton Formula 1	OMC Europe
BP	Opel
British Aerospace	Pechiney
British Pipeline Agency	Philips
Caixa Madrid	Pilkington
Castrol	RAC Motoring Services
Caterpillar	Saab
Commission of European Communities	Sandvik
CSM	Shell
Danone	Société Générale
Davy International	South Western Electricity
Delco Electronics	Spillers Foods
Diputación General de Aragón	Statoil
El Corte Inglés	Sterpolis
Electrolux	Sulzer
European Parliament	Sun Oil
European Space Agency	Swedish National Road Admin.
Exxon	Talkline
General Motors	Telefónica Servicios
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After Maxwell: Pensions

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COMMODITIES AND AGRICULTURE

Coffee prices surge to fresh 13-month highs

By David Blackwell

WORLD COFFEE prices surged yesterday as New York's March arabica contract pushed decisively through the 80 cents a lb barrier in heavy early trading. Late yesterday the March contract was trading at 81.75 cents a lb, more than 2 cents ahead, with some observers looking for 85 cents ahead of the Christmas break. In London, the March robusta contract closed at \$1,067 a tonne -

a 13-month peak.

Sentiment has turned bullish in the coffee markets on expectations of a lower crop in Brazil and a tightness in Colombian exports. Brazilian exports for 1992 are expected to be down 17 per cent at 16.3m bags (60 kg each), and to fall further to 14.4m bags next year.

However, strong resistance to the 80 cents barrier halted a recent run of prices. Once that level was breached, New York commission houses started

buying heavily. "There has been no sign of origin selling today," said one London trader who would be "very surprised" if the New York market fell back below 80 cents.

Ms Judith Ganes, analyst with Merrill Lynch in New York, said the market had made a "very strong, very orderly move" through an important psychological barrier. "We could begin to see this market really pick up momentum," she added.

Mr Boardman hopes for a season to be jolly

Britain's only professional grower finds the holly business profitable but risky

FARMER'S VIEWPOINT



By David Richardson

LONG BEFORE the word diversification had any obvious relevance to farming, a young friend of mine decided he would earn a bit of extra Christmas income from selling sprigs of holly from the trees in the hedgerows on his farm. He had cashed in on them modestly before when he had allowed gypsies to trim his trees for a few pound notes. But this time, he decided he would retail his crop in the local town and maximise his returns.

Previous experience had taught him that the berries on his holly trees were particularly attractive to hungry birds. So, to deny them the opportunity of ruining his enterprise by eating his profits, he went out with his pruning shears while the trees were full of red berries in early November.

It happened to be a very cold year and he was thrilled at the quantity of full-berried holly he was able to cut. But there is no market for the stuff until a couple of weeks before Christmas, so to protect it against predatory birds he carefully carted it all down into the cellar of his old farmhouse.

For the following few chilly weeks he took enormous pleasure in watching hordes of songbirds flitting around his neighbours' holly trees. Every berry they ate, he thought, would increase the value of his cellarful of perfection. Indeed he spent many winter evenings calculating the size of the windfall that would be his and

working out how to spend it. Eventually, in the middle of December, he judged the time was right to bring up the holly and make a killing on the market. But when he went to collect it from its hiding place he discovered to his horror that while he may have stopped the birds from eating his berries he had forgotten about the mice in his cellar. They had clearly enjoyed an early Christmas dinner and scuffed the lot.

Last week I visited a professional holly grower. Indeed he claims to be the only one in Britain. His holly trees were an imaginative gift, in 1933, from his late father. He has over 1,000 of them on 3 acres of his 200-acre (80-hectare) fruit and arable farm and he can identify and name in excess of 100 different holly species that are growing there.

His name is Peter Boardman and his farm overlooks the valley of the Ayr at How Hill, one of the most beautiful spots in the Norfolk Broads.

Throughout his life he has studied holly in Britain and abroad. He has propagated doz-

ens of different varieties, both the plain green-leaved and variegated, and many imported from other countries. In an experimental corner of his farm near the house, he talks knowledgeably about them; about the need for a few male, non-berried trees in the plantation to pollinate the females, which are the ones with berries, and the fact that it takes 15 years for a holly tree to produce a viable amount of holly to cut and sell. Even then there is no guarantee that the trees will produce a full-berried crop each year.

He too has to cut his vulnerable holly early to avoid problems with hungry birds. But careful observation over many years has shown that only a few varieties are attractive to them before Christmas, so these are always cut first. And Mr Boardman's professional dinner and keep it fresh and bright until the market is ready for it in a sealed, mouse-free cold store.

Once Christmas spirit begins to flow, the red-berried sprigs are brought out, packed in cardboard boxes (of the type usually used for chrysanthemums) and sent off to wholesale markets around the country. Many go to the New Covent Garden market at Nine Elms in London and to the new Spitalfields market. Each box holds about 9 lb of holly in a good year. That is to say when there are plenty of berries, for they are far heavier than the wood and the leaves. Mr Boardman expects to receive some-

thing over £1 a lb from the wholesaler and hopes to harvest a crop of about 1 tonne an acre.

But where does the compulsion to bring expensive, prickly vegetation into our houses at Christmas time originate? Apparently it comes from a mixture of pagan and Christian traditions and dates back, at least, to the druids.

They believed its evergreen characteristic meant that the sun never deserted the holly tree and that it was a sacred plant. It was therefore their custom to decorate their houses with holly so that woodland spirits might take refuge in it from the rigours of winter.

On the other hand, some say that holly is a corruption of a Holy in Christian terms. More over the German word for holly is Christdorn and it is symbolic of the crown of thorns worn by Jesus at Calvary. The berries, the legend goes, take their red colour from Christ's blood.

Some of the superstitions associated with holly, however, are rather more secular. For instance, in some parts of England and Germany it is believed that if rough, prickly holly is brought into a family house the husband will dominate the home for the year ahead. If the holly has smooth leaves and few prickles, however, the wife will rule.

Inevitably holly is claimed to have medicinal properties. "A frozen ripe but unried berries eaten in the morning," an ancient herbal states, "will

expel wind and is good for colic". And American Indians were said to make a kind of purgative tea with the berries. Even more horrific to contemplate was the recommendation that to be soundly thrashed with holly branches was the finest possible cure for chilblains. At least, I suspect, it would stop a sufferer complaining about them ever again.

These days medicinal markets do not feature in Peter Boardman's budgets. He restricts his holly sales to the Christmas period for harmless commemorative wreaths and decoration. But is it profitable?

On the face of it a potential gross return of well over £2,000 an acre seems attractive. But as Mr Boardman points out, it is high risk. For some years there are no berries and therefore no sales. It is very labour-intensive and the prickles make cutting rather uncomfortable work. The market is entirely seasonal and a very short season at that and there is a 15 year wait, following planting, before there is any return at all.

His greatest competition comes from what I will politely call itinerant entrepreneurs, who strip and often damage trees, sometimes without permission and sometimes without, in order to make a fast buck. But the fact that a professional holly grower and that a small one, eloquent testimony to the fact that there is not enough money in it to make it a reliable farming diversification.

Iranian call for Opec output cut gives oil market brief fillip

By Deborah Hargreaves

OIL PRICES edged upwards yesterday in light trading in the run-up to Christmas, only to slip back again later in the day to close unchanged on the day. North Sea Brent crude for February delivery was at \$18.55 a barrel.

Prices got a brief fillip early in the day from reports in the Middle East Economic Survey, which quoted Mr Gholamreza Azagadeh, Iran's oil minister, calling for a 2 per cent cut in output by the Organisation of Petroleum Exporting Countries.

A 2 per cent cut in production would take Opec's ceiling

to 24.09m barrels a day from its present level of 24.58m b/d. But many market traders are sceptical that the Saudis will even implement the slight cut-backs required under their latest agreement.

Traders at one international oil company said there was little physical evidence of Opec cutbacks. "Iran is talking up the oil price," said Mr Fared Mohammadi at the Petroleum Finance Company in Washington. "I can't see them getting anyone to agree to a meeting before February".

Oil prices have found some support in the past week after being extremely weak since

October, but traders believe that, if Opec members fail to cut their production in the New Year, prices will continue to slide.

● Russia and Kazakhstan are looking at plans to join together energy producing states from the former Soviet Union in a "mini Opec", the Reuters news agency reported yesterday. The agreement was reached at the weekend in talks between Mr Viktor Chernomyrdin, Russian prime minister and Mr Nursultan Nazarbayev, Kazakhstan's president.

Russia and Kazakhstan were reported last month to be interested in joining Opec.

Guarded welcome for fish deal

By James Buxton, Scottish Correspondent

FISHERMEN ARE giving a guarded welcome to the deal on fish quotas and fishing regulation for next year which the European Community fisheries council agreed on Sunday.

For British fishermen in the North Sea the agreement means a near doubling of the quota of haddock, while European Commission plans to impose a 150-day tie-up on Britain were rejected.

Mr Bob Allen, chief executive of the Scottish Fishermen's Federation, said: "We congratulate the ministers on getting the EC tie-up scheme out of the picture but we do not accept the [British] government's approach".

The 82 per cent increase in the British North Sea haddock quota from 42,640 tonnes to 77,620 tonnes was welcomed because of the value of this catch to fishermen. Haddock stocks have recovered substantially after two bad years.

Herring catches in the North

Sea will remain about the same, as will cod allowances.

Mr John Gummer, the agriculture minister, hailed the outcome of the fisheries council as "a great victory for the countries of Europe over rigid centralised bureaucracy". This was because the ministers, over whom he presided, had rejected the commission proposal to operate a blanket 190-day ban on fishing by British boats.

Instead Britain will attempt to regulate its fishing effort through the newly-passed Sea Fish Conservation Act, which gives the government power to restrict the number of days a boat spends at sea by relating its activity to its performance in 1991.

Fishermen will be given fishing days to match their days at sea in 1991 and new allowances will take into account days at sea spent servicing oil rigs or carrying out non-fishing work. They will not be subject to having to spend consecutive days in port. The government believes

this will ensure access to fishing is allocated fairly and that the supply of fish to the market will be more even, avoiding the glut which led to sharp price falls this year.

But the fishermen say they will continue their fight against the provisions of the act. "We will continue to wage war on the idea of limiting days at sea," Mr Allen said.

The fishermen still say they would prefer a much larger decommisioning scheme than the one planned by the government, which involves spending £25m over three years. Commenting on fishermen's reactions, Mr Gummer said in Brussels: "This agreement means that the industry can continue to be structured so that fishermen's incomes continue to keep ahead of inflation."

"We have to regulate the industry for conservation reasons. I am very aware that a previously unregulated industry is now being restructured and we are restraining the activities of natural hunters."

Russia to revamp diamond sector

By Leyla Boulton in Moscow

THE RUSSIAN parliament yesterday approved a blueprint for reorganising the country's diamond industry that could cause further damage to the country's already troubled relationship with the De Beers cartel.

Among other things, the blueprint foresees the creation of a Federal Diamond Centre which would give parliament ultimate control over the diamond industry, including the country's international dealings.

Mr Leonid Gurevich, the deputy who steered the project through parliament, has frequently complained about Russia's arrangements with De Beers, which allows it to sell only 5 per cent of its rough diamonds independently of De Beers. He has also said that the independent sales, stipulated by an agreement that expires in 1995, are limited by the fact that they are held in Moscow.

French seek US allies against Gatt

By Nancy Dunne in Washington

WHILE THE US and European Community governments find themselves often locked in conflict over agriculture, a group of European farmers visiting in Washington last week described a relationship with many American farmers that was warm, supportive and united against farm trade reforms proposed in the General Agreement on Tariffs and Trade.

"We are on a journey to improve communication and understanding," said Mr Michel Pierre of the France Confederation Paysanne. With farmers worldwide caught in a downward spiral of lower prices and growing bankruptcies, "it is necessary to do something".

What they were doing mostly in the US was talking - on radio and television, to newspapers, congressmen and other farmers - about the need to

reduce production worldwide, about the need to preserve rural life in Europe.

Mr Alain Roux of the Federation des Producteurs de Lait gestured with a pat of butter to explain the justice of "dumping" surplus products.

"We think the European consumer, when he pays for a piece of butter, he has to pay this level for the nutrient butter and the rest for maintaining rural society," he said. "But if this butter is sold to Africa, this part - maintaining rural life - it has not to be paid by Africa."

It was little noticed that when French farmers launched protests against the US-EC oilseeds deal, American farmers marched in their ranks. Members of the American National Family Farm Coalition last month also met in France with the newly formed SOS Paysans en Difficultés to help them organise suicide hotlines, credit counselling services and debt restructuring plans.

The French farmers returned the visit last week, accompanied by one Dutch dairyman.

After attending the annual meeting of the National Farm Coalition in Indianapolis, half the group was taken to visit farms in Vermont, in the other half to Kentucky, in both places they created a stir in media appearances.

Their language was different, but from Des Moines to Dijon there seemed to be one unifying theme among hosts and guests alike: the free market was scored as "an illusion" and supply management schemes - involving production cuts to raise prices to a profitable level - were pronounced the solution to the industry's difficulties.

Mr Arian Kamp, a 29-year-old dairyman who heads the Dutch Young Farmers' Union, said it was the educated young European farmers "with good ideas about how to create better products" who were most at risk because they had had to

buy farms at a time of declining food prices.

"Every continent - every group of countries - must be able to build up a kind of agriculture policy which makes possible that farmers within that area are able to get the cost of production so they are able to exist in rural life," he said. "We young farmers prefer supply management. We want decisions made in Gatt about the volume of production."

The international networking among farmers is likely to grow, Mr Mark Ritchie, who accompanied the French farmers, is organising a US chapter of the Farmers World Network, which promotes exchanges between farmers around the world.

"Our problems are increasingly global so the solutions must be global too," said Mr Ritchie. "We will have to consider the interests of the whole planet, if we want to solve problems at home."

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD dived around \$4 a troy ounce in thin afternoon trade on the London bullion market after selling by a US trade house pushed the price quickly down, hitting sell stops below \$335 on Comex. Dealers said the price free-fall meant players in New York had probably stood aside for a few minutes to gauge what was happening. "No-one wanted to bid...So it moved \$2 in about 30 seconds for absolutely no reason," one said. LME metals moved generally higher as an early surge by COPPER set off short covering across the board. But the pre-holiday markets

were rather thin and price movements were exaggerated, dealers said. Chinese buying and dealer short covering gave an early boost to copper and there was also buying in expectation of Comex making an early burst above resistance. But when New York failed to follow through from its higher opening, the market turned quiet. Last three-month copper business was at \$2,257 a tonne, up \$27 from Friday. ZINC and ALUMINIUM also closed ahead.

London Markets

SPOT MARKETS	
Crude oil (per barrel FOB Jan)	+ or -
Dubai	\$16.45-8.50
Brent Blend (dated)	\$18.15-8.50 -0.05
Brent Blend (Feb)	\$18.00-8.50
WTI (1st oil)	\$18.00-8.50
Oil products	
NWE prompt delivery per tonne CIF	+ or -
Premium Gasoline	\$18.1-18.2
Gas Oil	\$18.1-18.2
Heavy Fuel Oil	\$17.7-17.8
Naphtha	\$18.1-18.2
Petroleum Argus Estimates	
Other	+ or -
Gold (per troy oz)	\$333.55 -3.2
Silver (per troy oz)	\$7.50 -0.05
Platinum (per troy oz)	\$327.25 -4.25
Palladium (per troy oz)	\$106.40 -4.75
Copper (US Producer)	104c +0.5
Lead (US Producer)	\$4.625c
Tin (Kuala Lumpur market)	\$14.25c +0.02
Tin (New York)	\$26.50c
Zinc (US Prime Western)	\$2.00c
Cash five weight	\$115.55p -0.13
Sheep (live weight)	\$3.35p -0.47
Pigs (live weight)	\$8.25p
London daily sugar (raw)	\$212.25c +0.2
London daily sugar (white)	\$248.00c +0.5
Tale and Lyle export price	\$244.00c
Barley (English feed)	110c
Maze (US No 3 yellow)	\$1.85c
Wheat (US Dark Northern)	110c
Rubber (Latex)	62.50p -0.25
Rubber (Fut)	62.75p
Rubber (RSS No 1 Jan)	22.75p -0.5
Cocunut oil (Philippines)	\$4.50p +2.5
Palm Oil (Malaysia)	\$3.25p +5
Copra (Philippines)	\$2.00p
Soyabean (US)	\$1.80c
Cotton "A" index	\$4.30c +0.1
Wooltop (64s Super)	\$9.7p -2

£ a tonne unless otherwise stated, p=penicillin, c=cents/kg, f=futures, g=gross, y=Jan/Feb, u=Feb, a=Aug/Oct, d=Dec/Jan, m=Mar/Apr, c=Commission, average latest prices, change from 2 weeks ago. *London physical, *CFR Rotterdam, *Bullion market close, *Malaysian cent/kg, *Sheep prices are now live weight prices, *Gas Oil Price for 3/12/92 174-175 down 2

COCOA - London FOX \$/tonne			
Close	Previous	High/Low	
Dec 844	849	845-840	
Mar 859	872	873-868	
May 853	869	869-862	
Jul 859	865	862-858	
Sep 854	861	858-854	
Nov 859	865	862-858	
Dec 854	859	856-852	
Mar 869	882	883-877	
May 874	887	888-882	
Jul 879	892	893-887	
Sep 884	899	900-893	
Nov 889	904	905-898	
Dec 894	909	910-902	

Turnover: 2475 (3531) lots of 10 tonnes
KCO indicator price (\$2000 per tonne), Daily price for Dec 81 725.66 (725.33) 10 day average for Dec 18 738.08 (743.73)

COFFEE - London FOX \$/tonne			
Close	Previous	High/Low	
Jan 1042	1050	1044-1037	
Mar 1067	1055	1067-1058	
May 1080	1076	1080-1076	
Jul 1091	1087	1091-1087	
Sep 1092	1088	1092-1088	
Nov 1093	1089	1093-1089	
Dec 1094	1090	1094-1090	

Turnover: 3876 (4512) lots of 5 tonnes
KCO indicator price (\$2000 per tonne), Daily price for Dec 81 725.66 (725.33) 10 day average for Dec 18 738.08 (743.73)

POTATOES - London FOX \$/tonne			
Close	Previous	High/Low	
Apr 83.0	82.5	83.5-83.0	
May 78.0	78.0	78.5-78.0	
Sep 109.0	109.0	109.5-109.0	
Nov 109.0	109.0	109.5-109.0	
Dec 109.0	109.0	109.5-109.0	

Turnover: 41 (85) lots of 20 tonnes.

SOYABEAN - London FOX \$/tonne			
Close	Previous	High/Low	
Feb 151.00	150.00		
Mar 151.00	150.00		

Turnover: 0 (0) lots of 20 tonnes.

FRIED - London FOX \$/100 index point			
Close	Previous	High/Low	
Jan 1309	1298	1309-1298	
Feb 1278	1278	1278	
Mar 1278	1278	1278	
Apr 1278	1278	1278	
May 1278	1278	1278	
Jun 1278	1278	1278	
Jul 1278	1278	1278	
Aug 1278	1278	1278	
Sep 1278	1278	1278	
Oct 1278	1278	1278	
Nov 1278	1278	1278	
Dec 1278	1278	1278	

Turnover: 50 (118) lots of 10 tonnes.

GRAINS - London FOX \$/tonne			
Close	Previous	High/Low	
Jan 134.25	134.75	134.35-134.25	
Mar 136.00	136.00	136.00	
May 136.00	136.00	136.00	
Jul 136.00	136.00	136.00	
Sep 136.00	136.00	136.00	
Nov 136.00	136.00	136.00	
Dec 136.00	136.00	136.00	

Turnover: 707 (145), Barley 4 (51), Turnover lots of 100 tonnes.

PHOS - London FOX (Cash Settlement) p/kg			
Close	Previous	High/Low	
Jan 102.0	100.5	102.0-101.0	
Mar 102.0	100.5	102.0-101.0	
May 102.0	100.5	102.0-101.0	
Jul 102.0	100.5	102.0-101.0	
Sep 102.0	100.5	102.0-101.0	
Nov 102.0	100.5	102.0-101.0	
Dec 102.0	100.5	102.0-101.0	

Turnover: 7 (5) lots of 3,250 kg

LONDON METAL EXCHANGE			(Prices supplied by Associated Metal Trading)		
Close	Previous	High/Low	AM Official	Kertt close	Open Interest
Aluminium, 99.7% purity (\$ per tonne)					Total daily turnover 36,856 lots
Cash	1229-3.0	1220.5-1.5			
3 months	1231.5-2.0	1234.0-4.5	1259/1245	1254-5.5	179,440 lots
Copper, Grade A (\$ per tonne)					Total daily turnover 33,555 lots
Cash	1429-3.0	1420.5-1.5			
3 months	1433.0	1434.5-5.0	1457/1447	1457-6.0	142,857 lots
Lead (\$ per tonne)					Total daily turnover 3,790 lots
Cash	2011.75-2.25	2005.0-1.50	2008/2008	2007-5.0	
3 months	2012.50-2.00	2011-2.00	2030/2025.5	2029-6.75	24,290 lots
Nickel (\$ per tonne)					Total daily turnover 33,453 lots

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

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Continued on next page

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MONEY MARKET FUNDS

Money Market

9050	1.99	1.72	0.14	0.33
9100	1.18	1.38	0.23	0.49
9150	0.82	1.07	0.37	0.68
9200	0.55	0.81	0.60	0.92
9250	0.34	0.59	0.89	1.20
9300	0.21	0.42	1.26	1.53
9350	0.13	0.29	1.68	1.90
9400	0.09	0.19	2.13	2.30

Estimated volume total: Calls 1034 Puts 1062
 Previous day's open int. Calls 4375 Puts 41391

Strike Price	Call-settlements		Put-settlements	
	Mar	Jun	Mar	Jun
9275	0.06	1.01	0.15	0.21
9300	0.48	0.83	0.22	0.28
9325	0.34	0.65	0.33	0.35
9350	0.22	0.51	0.46	0.46
9375	0.16	0.39	0.65	0.59
9400	0.10	0.29	0.88	0.73

9425	- 0.06	0.21	1.05	0.91
9450	- 0.04	0.15	1.28	1.11
Estimated volume: total. Calls 2725 Pmts 609				
Previous day's open int. Calls 52057 Pmts 36720				

JAPANESE YEN (DM)				
Y22.5m x per Y18				
	Latest	High	Low	Prev
Mar	0.8122	0.8126	0.8108	0.8112
Jun	0.8115	-	-	0.8115
Sep	0.8130	-	-	0.8130

DEUTSCHE MARK (DM)				
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	Lowest	High	Low	Prev.
Mar	0.6290	0.6314	0.6285	0.6306
Apr	0.6290	0.6281	0.6278	0.6289
May	0.6194			0.6194

THREE-MONTH EURO/DOLLAR (USD)				
	Lowest	High	Low	Prev.
Mar	96.33	96.33	96.26	96.28
Apr	95.87	95.88	95.83	95.82
May	95.40	95.40	95.36	95.37
Jun	94.76	94.76	94.72	94.71
Jul	94.51	94.52	94.49	94.48
Aug	94.16	94.17	94.14	94.14
Sep	93.88	93.89	93.86	93.83
Oct	93.48	93.49	93.46	93.43

	Latest	High	Low	Prev.
Mar	441.95	442.55	440.60	441.35
Jun	443.10	443.20	441.40	442.05
Sep	443.00	-	-	443.00
Dec	444.50	-	-	444.50

	Puts			
	Jan	Feb	Mar	Jun
1	1.84	3.13	4.13	6.13
2	1.09	4.09	5.52	7.77
3	4.52	6.13	7.13	9.31
4	6.84	7.94	8.88	11.03
5	9.03	9.99	10.84	12.89
6	11.38	12.18	12.94	14.85
7	13.81	14.48	15.15	16.91

FUTURES			
High	Low	% Yield	% Open Int.
109.88	109.70	8.49	48,564
111.22	111.06	8.21	108,997
111.72	111.60	8.24	21,061
<hr/> ask offered bids			
90.60	90.45	8.23	75,296
91.77	91.55	8.24	35,168
92.05	92.06	7.85	20,641
92.39	92.28	7.65	6,600
<hr/>			
1814.0	1785.8	-	17,771
1835.0	1805.8	-	10,496
		-	459
1865.0	1844.0	-	7,419
<hr/>			
106.80	106.50	8.94	2,477

June	January	Pots	March	June
-	-	-	0.60	-
-	0.18	-	0.94	-
1.47	-	-	-	-
-	-	-	-	-
0.70	-	-	-	-
330	11,251	154,536	-	18,370

RNG RATES	
%	%
Blank 7	Mount Banning 7

pic - ..	Northern Bank Ltd .. 7
and .. 8	Nyrensk Mortgage Etc 7.5
Bank - ..	Offices Brothers .. 7
& Co - ..	Paragon Bank Ltd .. 9
.. .. 7	Royal Bk of Scotland .. 7
.. .. 7	Sherkin & Whitten Secs - 7
.. .. 7	Standard Chartered .. 7
.. .. 7	TSB .. 7
.. .. 13.5	Unibank plc .. 7
.. .. 7	United Bk of Hawaii .. 7
.. .. 7	Unity Trust Bank plc .. 7
.. .. 7	Western Trust .. 7
.. .. 7	Whiteway Ltd/Ltd .. 7
.. .. 7	Yonkers Bank .. 7
.. .. 7	
.. .. 7	• Members of British
.. .. 7	Merchant Banking &
.. .. 7	Securities Houses
.. .. 7	Association

BANCO DI NAPOLI

LOADING RATE
RECEIPTS DUE 1996

in accordance with the provisions of
Depository Receipts, the rate of
from December 21, 1992 to June

1993 will be US\$ 203.33 in
and US\$ 2,033.28 in respect of

10/1/00

**USE
MARKETS**

Survey on
1983
Japanese counterparts have
confidence but Japan remains
cautious.

Finance reports on the latest
financial surveys - a vital
do business in Japan.

na, please call
week

1993
EYS

Trust Funds

CAR Int Cr				
E20,000				
E20,000-E49,999	4.50	3.375	4.50	
E5,000-E19,999	4.00	3.00	4.00	
For business, charities and societies				

Money Market

Gross	Net	CAR	Int G	1987	1988	1989	1990	1991	1992	1993
\$3,000.00	\$2,999.99	...	5.50	4.13	5.61	6.09	6.57	7.05	7.53	8.01
\$10,000.00	\$9,999.99	...	6.20	4.85	6.39	6.93	7.47	8.01	8.55	9.09
\$25,000.00	\$24,999.99	...	6.55	4.91	6.71	7.25	7.79	8.33	8.87	9.41

£500-£999	2.00	1.90	2.02	With	71 Lombard St. London EC3N 3BS	6.00	4.96	5.00	With
£1,000-£4,999	5.50	4.13	5.64	With	£50,000 and above	5.70	4.28	5.70	With
£5,000-£9,999	9.75	4.31	5.90	With	£25,000+	5.70	4.28	5.70	With
£10,000-£24,999	6.00	4.50	6.17	With					

6.43 Midland Bank plc
6.96 PG Box 2, Sheffield. 0742 52930

PG Box 125, Northampton	0604 252891	£50,000+	7.35	5.51	7.35	Yield
£1,000-£2,499	3.03	£30,000-£49,999	6.25	4.65	6.25	Yield
£2,500-£9,999	3.50	£50,000-£99,999	5.51	3.96	5.51	Yield
		£100,000+	4.24	2.18	4.24	Yield

4.68	Ord	£2,500-£9,999	3.25	2.44	3.25	Yield
4.68	Ord	£2,500-£9,999	3.25	2.44	3.25	Yield

Provincial Bank PLC

\$100,000-\$149,999...	2.25	1.69	2.27	NRH
\$200,000+	2.50	1.88	2.53	NRH

Many other currencies are available - for rates please
phone ext 2168

ULC Trust Limited
1 Great Cumberland Pl, London W1H 7AL 071-258 0094
£10,000-£99,999 8.50 6.38 8.27 1.25

United Dominions Trust Ltd

£10,000-£49,999	5.00	1.75	5.06	6-month	of back rate income tax. Gross CAGR: Gross rate increased
£5,000-£9,999	4.00	1.00	4.04	6-month	to take account of compounding of interest paid other
£1,000-£4,999	3.00	2.25	3.02	6-month	than once a year. 'Compounded Annual Rate', let Cr
£1-£999	1.50	1.13	1.51	6-month	Frequency at which interest is credited in the account

.....

[illegible][illegible][illegible]

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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20 Copiers among the cheapest available (4)

24 Much inclined to dance -

5 A politician's current mea-
sures (4)

ORDINANCE ON DUTY
N G E D A R E I
E V E R E E I

هكذا من الأصل

CANADA

Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng
TORONTO																	
3 pm December 21																	
Quotations in cents unless marked \$																	
12000 Alcan Pl	514 1/4	14 1/4	14 1/4	14 1/4	+	46100 Capagator	54	41	44	44	+	21440 Laidlaw B	81 1/4	11	11 1/4	11 1/4	+
25000 Agri-food	50 1/2	5 1/2	5 1/2	5 1/2	+	50000 Corbel St	26 1/2	20 1/2	21 1/2	21 1/2	+	100 Laidlaw B	51 1/4	18 1/4	18 1/4	18 1/4	+
21000 Air Can	246	24	24	24	+	52000 Goodwood	185	165	165	165	+	3000 Laurant op	455	490	490	490	+
2200 Alcan Enr	516	15 1/4	15 1/4	15 1/4	+	72400 Laidlaw	28	26	26	26	+	29700 Laidlaw Enr	58 1/4	8 1/4	8 1/4	8 1/4	+
800 Alcan Enr	15 1/4	14 1/4	14 1/4	14 1/4	+	13000 Dominion A	23	20	20	20	+	21000 Laidlaw v	50 1/2	10 1/2	10 1/2	10 1/2	+
135000 Alcan Cl	32 1/2	21 1/2	21 1/2	21 1/2	+	24600 Denton A	23	20 1/2	20 1/2	20 1/2	+	9100 Macdonald	56 1/4	5 1/4	5 1/4	5 1/4	+
63400 Air Brn	38 1/4	38 1/4	38 1/4	38 1/4	+	8500 Derlon	510	8 1/2	8 1/2	8 1/2	+	63000 Melco Pl	51 1/4	15 1/4	15 1/4	15 1/4	+
500 Air Cl	11 1/4	11 1/4	11 1/4	11 1/4	+	17300 Dominion Tr	410	8 1/2	8 1/2	8 1/2	+	42000 Magna Inc	324	34 1/4	34 1/4	34 1/4	+
11000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	29400 Enr	510	8 1/2	8 1/2	8 1/2	+	3500 Met TAT	52 1/4	21 1/4	21 1/4	21 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	13000 Dupont A	541	46 1/4	46 1/4	46 1/4	+	800 Mark Res	35 1/4	5 1/4	5 1/4	5 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	12000 Fort Sarnia	300	295	295	295	+	32000 Melco B	510 1/4	15 1/4	15 1/4	15 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	41000 Enr	56 1/4	5 1/4	5 1/4	5 1/4	+	400 Metall Ind	12 1/2	12 1/2	12 1/2	12 1/2	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	200 Enr	54 1/4	5 1/4	5 1/4	5 1/4	+	10000 Minerva	510	10	10	10	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	500 Enr	510 1/4	10 1/4	10 1/4	10 1/4	+	61300 Millon Corp	510	20	20	20	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1500 Euro Nev	510 1/4	10 1/4	10 1/4	10 1/4	+	10700 Moban A	528 1/4	14 1/4	14 1/4	14 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	2000 P&H Pl	310	310	310	310	+	56100 Morco Corp	521 1/4	21 1/4	21 1/4	21 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	54100 Macdonald	4	3 1/4	3 1/4	3 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	27700 Melco B	58 1/4	7 1/4	7 1/4	7 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	17000 Melco B	58 1/4	5	5	5	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	32000 Melco B	510 1/4	15 1/4	15 1/4	15 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	400 Metall Ind	12 1/2	12 1/2	12 1/2	12 1/2	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	10000 Minerva	510	10	10	10	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	61300 Millon Corp	510	20	20	20	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	10700 Moban A	528 1/4	14 1/4	14 1/4	14 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	56100 Morco Corp	521 1/4	21 1/4	21 1/4	21 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	54100 Macdonald	4	3 1/4	3 1/4	3 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	27700 Melco B	58 1/4	7 1/4	7 1/4	7 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	17000 Melco B	58 1/4	5	5	5	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	32000 Melco B	510 1/4	15 1/4	15 1/4	15 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	400 Metall Ind	12 1/2	12 1/2	12 1/2	12 1/2	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	10000 Minerva	510	10	10	10	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	61300 Millon Corp	510	20	20	20	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	10700 Moban A	528 1/4	14 1/4	14 1/4	14 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	56100 Morco Corp	521 1/4	21 1/4	21 1/4	21 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	54100 Macdonald	4	3 1/4	3 1/4	3 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	27700 Melco B	58 1/4	7 1/4	7 1/4	7 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	17000 Melco B	58 1/4	5	5	5	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	32000 Melco B	510 1/4	15 1/4	15 1/4	15 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	400 Metall Ind	12 1/2	12 1/2	12 1/2	12 1/2	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	10000 Minerva	510	10	10	10	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	61300 Millon Corp	510	20	20	20	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	10700 Moban A	528 1/4	14 1/4	14 1/4	14 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	56100 Morco Corp	521 1/4	21 1/4	21 1/4	21 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	54100 Macdonald	4	3 1/4	3 1/4	3 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	27700 Melco B	58 1/4	7 1/4	7 1/4	7 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	17000 Melco B	58 1/4	5	5	5	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	32000 Melco B	510 1/4	15 1/4	15 1/4	15 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	400 Metall Ind	12 1/2	12 1/2	12 1/2	12 1/2	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	10000 Minerva	510	10	10	10	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	61300 Millon Corp	510	20	20	20	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	10700 Moban A	528 1/4	14 1/4	14 1/4	14 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	56100 Morco Corp	521 1/4	21 1/4	21 1/4	21 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	54100 Macdonald	4	3 1/4	3 1/4	3 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	27700 Melco B	58 1/4	7 1/4	7 1/4	7 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	17000 Melco B	58 1/4	5	5	5	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	32000 Melco B	510 1/4	15 1/4	15 1/4	15 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	400 Metall Ind	12 1/2	12 1/2	12 1/2	12 1/2	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	10000 Minerva	510	10	10	10	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	61300 Millon Corp	510	20	20	20	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	10700 Moban A	528 1/4	14 1/4	14 1/4	14 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	56100 Morco Corp	521 1/4	21 1/4	21 1/4	21 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	54100 Macdonald	4	3 1/4	3 1/4	3 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	27700 Melco B	58 1/4	7 1/4	7 1/4	7 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	17000 Melco B	58 1/4	5	5	5	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	32000 Melco B	510 1/4	15 1/4	15 1/4	15 1/4	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	400 Metall Ind	12 1/2	12 1/2	12 1/2	12 1/2	+
21000 B&N	14 1/4	14 1/4	14 1/4	14 1/4	+	1700 P&H Pl	310	8 1/4	8 1/4	8 1/4	+	10000 Minerva	510	10	10	10	+
21																	

lay. (The figures in brackets are previous day's).

(to Close.) (to Unavailable.

TOKYO - Most Active Stocks

Monday, December 21, 1992

Stocks	Closing	Change	Stocks	Closing	Change		
Traded	Price	on day	Traded	Price	on day		
Isuzu Motor	6.9n	317	+27	Hitachi	2.4n	732	-6
Nissan Steel	4.9n	336	-4	Nissan Express	2.4n	743	-14
Toyota Corp	3.6n	660	+6	Fuji Bank	2.2n	1,900	+80
Kan Corp	3.0n	1,180	+40	Hyogo Bank	2.1n	586	-34
Nomura Sec	2.7n	1,850	-10	Tokio M & F Inds	2.1n	1,229	+30

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FINANCIAL TIMES
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3 pm December 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

A									
High	Low	Open	Close	Vol.	P/E	Div.	Yield	High	Low
100% Airtel	100.00	100.00	100.00	100	100	100	100	100	100
100% Amgen	100.00	100.00	100.00	100	100	100	100	100	100
100% Apple	100.00	100.00	100.00	100	100	100	100	100	100
100% AT&T	100.00	100.00	100.00	100	100	100	100	100	100
100% Bank of America	100.00	100.00	100.00	100	100	100	100	100	100
100% Bell Atlantic	100.00	100.00	100.00	100	100	100	100	100	100
100% Boeing	100.00	100.00	100.00	100	100	100	100	100	100
100% Caterpillar	100.00	100.00	100.00	100	100	100	100	100	100
100% Coca-Cola	100.00	100.00	100.00	100	100	100	100	100	100
100% DuPont	100.00	100.00	100.00	100	100	100	100	100	100
100% E.I. du Pont de Nemours & Co.	100.00	100.00	100.00	100	100	100	100	100	100
100% General Electric	100.00	100.00	100.00	100	100	100	100	100	100
100% IBM	100.00	100.00	100.00	100	100	100	100	100	100
100% Johnson & Johnson	100.00	100.00	100.00	100	100	100	100	100	100
100% Kodak	100.00	100.00	100.00	100	100	100	100	100	100
100% Lockheed Martin	100.00	100.00	100.00	100	100	100	100	100	100
100% McDonald's	100.00	100.00	100.00	100	100	100	100	100	100
100% Microsoft	100.00	100.00	100.00	100	100	100	100	100	100
100% Nike	100.00	100.00	100.00	100	100	100	100	100	100
100% Pfizer	100.00	100.00	100.00	100	100	100	100	100	100
100% Procter & Gamble	100.00	100.00	100.00	100	100	100	100	100	100
100% Raytheon	100.00	100.00	100.00	100	100	100	100	100	100
100% Sears, Roebuck & Co.	100.00	100.00	100.00	100	100	100	100	100	100
100% Spelling Entertainment Inc.	100.00	100.00	100.00	100	100	100	100	100	100
100% Sun Microsystems	100.00	100.00	100.00	100	100	100	100	100	100
100% TCI Telecommunications	100.00	100.00	100.00	100	100	100	100	100	100
100% United Technologies Corp.	100.00	100.00	100.00	100	100	100	100	100	100
100% Visa U.S.A. Inc.	100.00	100.00	100.00	100	100	100	100	100	100
100% WorldCom	100.00	100.00	100.00	100	100	100	100	100	100
100% Xerox	100.00	100.00	100.00	100	100	100	100	100	100
100% Yahoo!	100.00	100.00	100.00	100	100	100	100	100	100
100% Zions Bancorporation	100.00	100.00	100.00	100	100	100	100	100	100
100% Zions First National Bank	100.00	100.00	100.00	100	100	100	100	100	100
100% Zions West	100.00	100.00	100.00	100	100	100	100	100	100
100% Zions Capital Markets	100.00	100.00	100.00	100	100	100	100	100	100
100% Zions Financial Services Group	100.00	100.00	100.00	100	100	100	100	100	100
100% Zions Investment Management	100.00	100.00	100.00	100	100	100	100	100	100
100% Zions Real Estate Development	100.00	100.00	100.00	100	100	100	100	100	100
100% Zions Securities	100.00	100.00	100.00	100	100	100	100	100	100
100% Zions Trust Company	100.00	100.00	100.00	100	100	100	100	100	100
100% Zions Western Bank	100.00	100.00	100.00	100	100	100	100	100	100




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
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Continued on next page

AMERICA

Dow weakens slightly after Friday's gains

Wall Street

US share prices weakened slightly across the board as investors gave back some of the big gains earned in last Friday's "triple-witching" rally, writes Patrick Harverson in New York.

By 1 pm the Dow Jones Industrial Average was down 3.10 at 3,305.17, near its lows for the morning session. The more broadly based Standard & Poor's 500 was also lower at the halfway stage, down 1.36 at 440.00, while the Amex composite gave up 1.41 at 390.62 and the Nasdaq composite eased 0.07 to 661.22. Turnover on the NYSE was busy at 1.32m shares by 1 pm, and declines outnumbered rises by 982 to 699.

The market's 44-point advance on Friday was primarily the result of buying related to the "triple-witching" expiration of stock and stock-index futures and options, so analysts expected prices to open weaker yesterday.

The underlying mood of the market, however, remained optimistic, which helped to limit the early losses. Observers believe investors are increasingly confident about the economy and the long-term prospects for corporate earnings. This upbeat mood has fuelled the recent rally, and although some institutions had already closed their books for the year, some analysts were not ruling out further gains in the final days of the year.

IBM dropped another 1% to 349% in turnover of 3m shares following the announcement that two retired executives were being re-hired to help Mr John Akers, IBM's chairman, run the computer group.

Time Warner firmed 3% to 32% on the news that Mr Steven Ross, the group's chairman, had died of cancer over the weekend, and that eight senior directors would be leaving at the end of this year in

an apparent culmination of a long boardroom struggle at the entertainment giant.

US Air dropped \$1 to \$12 as hopes faded that government authorities would approve the proposed alliance between the carrier and British Airways. A last-ditch attempt last weekend by Mr John Major, the UK prime minister, to persuade President George Bush to give the green light appeared to have failed.

National Health Laboratories dropped 3% to \$16% in turnover of 3.1m shares after the company pleaded guilty to charges of healthcare fraud and agreed to pay \$110.4m to settle claims involving clinical testing procedures and the Medicare programme.

On the American Stock Exchange, Ivax Corp plunged 34% to \$30% in turnover of 1.3m shares after PaineWebber, the Wall Street brokerage house, had downgraded the stock from "buy" to "attractive".

On the Nasdaq market, Ross Cosmetics climbed 1% to \$11% after the company reported fiscal first quarter income of 23 cents a share, up from 17 cents a year earlier.

Canada

TORONTO stocks remained under pressure at midday on profit-taking and weakness in gold shares, led by Placer Dome, down 3% to C\$15, after bullion futures dropped more than US\$3.

The TSE-300 Index fell 14.6 to 3,305 in volume of 18m shares valued at C\$151m. Declining issues led those advancing by 249 to 208 with 251 unchanged.

SOUTH AFRICA

JOHANNESBURG was firmer in dull trading with the overall index 14 higher at 3,227. The industrial index gained 11 to 4,291 while the gold index advanced 1 to 836. De Beers rose R1 to R58.75 and Anglo added 50 cents to R86.25.

By John Pitt

A SPATE of bad corporate news, both in Europe and the US, failed to leave a negative impression on the FT-Actuaries World Index last week, and there were some strong performances, from Ireland and Singapore in particular. The World Index gained 1.6 per cent in local currency terms.

Even IBM's announcement of job cuts and a decision to take a \$60m fourth-quarter charge to cover a restructuring programme, leaving the stock at an 11-year low by the weekend, failed to dent sentiment in the US. Instead, the talk at the round of pre-Christmas parties concentrated on the US economic recovery, and even President-elect Bill Clinton's "phonies" on the state of the nation could not stifle the mood of optimism.

Ireland came to the fore last week with a 5.8 per cent rise on sustained expectations of a currency devaluation. Over the last quarter, the market has risen some 7 per cent in local

EUROPE

Continent starts Christmas week on buoyant form

BOURSES were mostly firmer at the start of the Christmas holiday week, writes Our Markets Staff.

FRANKFURT hit a two-week high, the DAX index closing 23.54 or 1.6 per cent higher at 1,515.58, but professionals were not happy about the foundations for the rally. Turnover fell to DM3.9bn from Friday's DM10.4bn, the latter inflated by the "triple-witching" expiry of DTB options and futures contracts.

Dealers said that the short-covering which took the DAX up by 1.1 per cent on Friday was still a factor yesterday, since December contracts could still be covered until 10 am.

The big rises came in stocks which have recently suffered the most. Carmakers, Volkswagen rose DM6.40 to DM244.30, and Daimler to DM14.50 to DM524 after last week's slump on unhappy

EUROPEAN EQUITIES TURNOVER

Monthly total in local currencies (£bn)

Source	Aug 1992	Sep 1992	Oct 1992	Nov 1992	US \$bn
Belgium	41.38	42.76	47.56	43.93	1.34
France	64.52	134.26	108.08	92.39	17.07
Germany	101.72	109.19	98.85	92.20	57.84
Italy	6,098.80	10,808.00	17,112.00	24,248.00	17.40
Netherlands	9.80	14.41	14.00	11.70	6.53
Spain	317.47	578.78	687.70	618.31	5.12
Switzerland	9.01	13.40	11.78	11.80	8.07
UK	26.68	45.30	39.78	39.57	59.82

Volume represents purchases and sales. Italian data adjusted to include off-market trading. Some figures may be revised. Source: County NatWest Securities.

currency terms, compared with 0.8 per cent in Germany and 1 per cent in France, but is 12 per cent down since the start of the year.

Elsewhere in Europe, Sweden was a feature, helped by lower domestic interest rates and a stronger dollar. Other Nordic markets lost ground, mainly on year-end profit-taking.

Austria showed up as one of the week's worst performers following Creditanstalt's warning that it planned a 6 per cent cut in its 1992 dividend, and a heavy fall in the share price of

OMV, mainly on selling by foreign institutions.

Oil issues in general had a dismal week, with Petrofina contributing largely to Belgium's negative showing after news last Monday that the company would be cutting its dividend by 50 per cent. In France, speculation that the franc would be devalued put pressure on the market.

Among the Far Eastern markets, Singapore stood out as Hong Kong again suffered from the "China effect", this time as its neighbour launched a thinly disguised attack on the

EUROPEAN volume figures for November reveal a general decline in activity, with the exception of Italy which continued a trend that began the month before. However, while turnover there jumped by more than 41 per cent, most of it came from domestic investors, says Mr James Cornish at County NatWest Securities, which collates the data. By contrast, the Netherlands showed the biggest fall, of some 18 per cent.

Jardine Matheson Group.

Most analysts believe that Hong Kong will remain a volatile market right up to the Legco vote in early February. Institutional investors have consequently switched some of their funds away from Hong Kong to other markets in the region, with Singapore seeing some benefit.

According to Kim Eng Securities, Singapore looks poised for a sustained rally in 1993, particularly if the government decides to reduce corporate tax significantly in the spring budget.

MARKETS IN PERSPECTIVE

	% change in local currency	% change sterling	% change US \$
	1 Week	4 Weeks	1 Year
Austria	-2.53	-6.08	-18.12
Belgium	-0.02	-1.99	-0.43
Denmark	-2.20	+1.24	-24.58
Finland	-3.18	+8.18	+18.49
France	-0.12	+1.89	+2.93
Germany	+0.74	-3.41	-0.05
Ireland	+5.88	+8.86	-12.51
Italy	+0.73	-6.71	-11.42
Netherlands	-0.47	+1.83	+4.47
Norway	-2.54	+7.85	-9.35
Spain	+1.77	+2.26	-8.57
Sweden	+2.03	+6.76	+16.87
Switzerland	+2.07	+7.70	+21.38
UK	+3.01	+2.78	+16.04
EUROPE	+1.82	+1.59	+6.03
Australia	+1.36	+8.52	-6.34
Hong Kong	-0.20	-11.74	+21.34
Japan	+1.60	+5.34	-19.56
Malaysia	+0.22	-2.20	+20.48
New Zealand	-1.45	+4.88	+0.02
Singapore	+3.14	+7.55	-0.74
Canada	+1.38	+1.89	-2.07
USA	+1.70	+3.20	+15.29
Mexico	-0.47	+6.11	+27.15
South Africa	-0.92	+6.22	-10.59
WORLD INDEX	+1.58	+3.18	+1.02

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ASIA PACIFIC

Nikkei loses early gains on profit-taking

Tokyo

REPORTS that additional pension funds would be invested in the stock market encouraged early trading, but share prices closed marginally lower on afternoon profit-taking by investment trusts, writes Shoko Terazono in Tokyo.

The Nikkei average was finally 35.30 down at 17,645.44, after a morning high of 17,787.56 and an afternoon low of 17,597.59. Tokai, or specified money trusts, were also seen placing sell orders.

Volume contracted to 250m shares from 330m. Declines led advances by 496 to 481, with 181 issues unchanged. The Topix index of all first section stocks, however, gained 2.0 at 1,345.77, and in London the ISE/Nikkei 50 index edged up 0.35 to 1,096.27.

Weaker futures prompted light arbitrage selling in the afternoon. Investors offered little response to the government's budget draft for next fiscal year to March 1994; this involved a 0.2 per cent rise in

general account spending to Y72,354.8bn, the smallest spending growth in six years.

Isuzu Motors, the most active issue of the day, rose Y27 to Y317 on reports of a business tie-up with Honda. Investors focused on those reports rather than news of Isuzu's withdrawal from passenger car products, announced at the same time.

Hyogo Bank, the ailing regional bank, finished Y34 cheaper at Y86 on profit-taking. Up last week on reports of aid from financial authorities, Hyogo continued to rise in the morning but fell later on selling by dealers.

Some high-technology issues rose on hopes of an early US economic recovery, Toshiba by Y5 to Y650 and Sony by Y50 to Y4,250. "The worst of the news has been discounted for electricals, and early buyers are coming in," said Mr Mike Jeremy, electronics analyst at Baring Securities.

The Japan Securities Dealers Association suspended afternoon trading of Jax, an import car dealer listed on the over-

the-counter market, to allow investors to confirm reports that Volkswagen, of Germany, had linked with the company. Jax declined to comment. The company is currently the sole distributor for Renault but is said to be terminating its agreement with the French carmaker.

Yokohama Matsuzakaya, the department store which was rumoured to be targeted by foreign speculators, dropped Y85 to Y490 on profit-taking.

In Osaka, the OSE average gained 27.91 at 19,117.68 in volume of 31.9m shares.

Roundup

THE MAIN features in the region yesterday were Hong Kong and Taiwan.

HONG KONG gained as overseas bargain hunters sparked a surge of afternoon buying. The Hang Seng index ended at 5,342.48, up 49.62, as turnover dropped to HK\$1.85bn from Friday's HK\$3.04bn.

Jardine Matheson Holdings closed HK\$1.75 off at HK\$41, after an early low of HK\$40.50.

The most active stock was HSCB Holdings, which rose 50 cents to HK\$63.50.

TAIWAN closed 2.2 per cent weaker after the ruling Nationalist party's poor performance in Saturday's parliamentary elections, but bargain hunting lifted prices off early lows.

The weighted index, which was down some 130 points at mid-morning, ended 61.90 off at 3,576.09 in T\$13.5bn turnover. Brokers said the strong gains in the elections by the main opposition, the Democratic Progressive party, had sparked fears of conflict in parliament and worsening divisions within the ruling party.

AUSTRALIA was lifted to a 16-week high by strong buying of leading stocks, in the wake of major gains on overseas markets. The All Ordinaries index finished 21.4 ahead at 1,537.01, but off a high of 1,541.6, in turnover of A\$361.8m.

BOMBAY rose as state-owned mutual funds bought up an illiquid market. The BSE index added 65.31 to 2,542.10. It opened strongly but turned back on profit-taking.

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY DECEMBER 18 1992	THURSDAY DECEMBER 17 1992	DOLLAR INDEX
Figures in parentheses show number of times of stock	US Dollar Index	Pound Sterling Index	Yen Index
Australia (68)	120.03	116.51	95.49
Austria (19)	134.81	127.76	105.10
Belgium (42)	135.27	129.05	106.30
Canada (113)	115.11	109.02	99.71
Denmark (34)	197.81	187.34	154.18
Finland (15)	71.28	67.48	56.54
France (146)	146.28	137.59	113.23
Germany (64)	104.14	97.86	81.18
Hong Kong (53)	208.71	198.60	163.44
Ireland (16)	121.84	114.82	110.95
Italy (77)	54.04	51.18	42.12
Japan (472)	109.45	103.65	88.39
Malaysia (88)	264.84	250.62	205.41
Mexico (18)	161.12	156.73	125.98
Netherlands (25)	154.82	146.52	120.67
New Zealand (14)	41.68	39.36	32.82
Norway (22)	148.86	134.54	112.13
Singapore (36)	208.02	197.01	162.13
South Africa (80)	145.67	138.81	114.24
Spain (48)	121.24	114.82	94.49
Sweden (31)	196.16	187.35	129.50
Switzerland (62)	114.33	101.08	89.27
United Kingdom (226)	174.89	165.43	126.19
USA (522)	180.06	170.52	140.35
Europe (778)	137.26	128.99	106.98
Nordic (102)	151.84	143.80	118.35
Pacific Basin (713)	113.33	107.33	88.33
Euro-Pacific (1401)	122.01	116.50	95.57
North America (835)	176.04	165.71	137.22
Europe Ex. UK (552)	115.08	108.06	99.71
Pacific Ex. Japan (241)	151.44	143.42	118.05
World Ex. US (1652)	123.82	117.36	96.59
World Ex. UK (1978)	138.77	131.42	108.18
World Ex. So. Af. (2144)	141.97	134.45	110.65
World Ex. Japan (1732)	160.37	151.88	125.00
The World Index (2204)	141.89	134.37	110.99

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